

# EXHIBIT B

Cause No. \_\_\_\_\_

D.U.R. PROPERTIES, LLC	§	IN THE DISTRICT COURT OF
<i>Plaintiff,</i>	§	
	§	
v.	§	HARRIS COUNTY, TEXAS
	§	
AMRISC, LLC, and CERTAIN	§	
UNDERWRITERS AT LLOYD'S, LONDON	§	
<i>Defendants.</i>	§	___ JUDICIAL DISTRICT

**PLAINTIFF'S ORIGINAL PETITION & JURY DEMAND**

TO THE HONORABLE JUDGE & JURY OF HARRIS COUNTY CITIZENS:

Plaintiff D.U.R. PROPERTIES, LLC ("D.U.R." or "Plaintiff") files this Original Petition against AMRISC, LLC ("AmRisc") and CERTAIN UNDERWRITERS AT LLOYD'S, LONDON ("Underwriters"), and would respectfully show the following:

**Discovery Control Plan**

1. Plaintiff intends to conduct discovery under Level 2 of Texas Rule of Civil Procedure 190.

**Parties**

2. Plaintiff, D.U.R., is a domestic limited liability company in good standing with a principal place of business in Hidalgo County, Texas.

3. Upon information and belief AmRisc, is a company engaged in the business of insurance in Texas, operating for the purpose of accumulating monetary profit with its home office at 20405 State Hwy 249, Ste. 430, Houston, TX 77070. AmRisc may be served with process by serving its registered agent, **CT Corporation System, 1999 Bryan Street, Suite 900, Dallas, Texas 75201-3136.**

4. Upon information and belief, Underwriters is a foreign insurance company engaged in the business of insurance in Texas, operating for the purpose of accumulating monetary profit.

Underwriters regularly conducts the business of insurance in a systematic and continuous manner in the State of Texas. Underwriters may be served with process by serving certified mail, return receipt requested, to **Mendes & Mount, LLP, 750 Seventh Avenue, New York, New York 10019-6829.**

### **Venue & Jurisdiction**

5. Venue is proper in Harris County under Tex. Civ. Prac. & Rem. Code section 15.002(a)(3), as Defendant AmRisc's principal office is located in Harris County, Texas. In addition, venue is proper in Harris County under Tex. Civ. Prac. & Rem. Code section 15.002(a)(1) as all or a substantial part of the events or omissions giving rise to this claim occurred in Harris County. In particular, the adjustment of the claim by Defendants for losses under the policy (including payments to be made to Plaintiff under the policy) was conducted in Harris County, Texas. Investigations and policy representations, including communications to and from Defendants and Plaintiff (including telephone calls, mailings, and other communications to Plaintiff) occurred in Harris County, Texas. Additionally, AmRisc's unlawful conduct in the administering of this insurance policies, control of the claims handlers, and participation in profit-sharing based on the program's profitability related to claims occurred in Harris County, Texas out of AmRisc's home office.

6. Plaintiff seeks damages within the jurisdictional limits of this Court. At this time, Plaintiff seeks monetary relief in an amount over \$1,000,000. Plaintiff reserves the right to modify the amount and type of relief sought in the future.

### **Factual Background**

7. On or before September 9, 2018, Underwriters, through the program design and management of Defendant AmRisc, sold a commercial property policy (the "Policy") to D.U.R.

whereby Underwriters would provide insurance coverage for the property located at 6100 S. 2<sup>nd</sup> Street, McAllen, Texas 78501 (the “Property”) in exchange for the timely payment of premiums.

8. AmRisc, referred to as the “Program Manager” under the Policy, holds itself out as completing the risk valuations on the Property prior to coverage being bound in order to ensure profitability for Underwriters, and AmRisc, related to the subject Property. Further, AmRisc selects and manages claim administrator CJW and Associates, and claims adjusters Sedgwick, though CJW and Sedgwick are part of the same company. AmRisc is incentivized to closely manage CJW and Sedgwick because AmRisc’s compensation is directly tied to the portfolio or “book profitability.” To put it bluntly, AmRisc receives higher compensation if less is paid out on claims. It has every incentive to select, calibrate, and retain biased experts and consultants, who are likely to deny claims (and therefore increase AmRisc’s profitability).

9. The metric identified by AmRisc and Underwriters to compensate AmRisc based on lower claim payments is the “combined loss ratio.” As the Program Manager, AmRisc puts portfolio deals together for the out-of-state non-admitted surplus lines carriers. AmRisc involves itself on both sides of the insurance transaction, the underwriting process and in claims management. Indeed, the Policy provides for claim reporting and adjustment to flow through, and be controlled by, AmRisc.

#### **D. Claims Reporting and Adjustment**

All Claims shall be reported to: AmRisc Claims Department  
 E-Mail: [claims@amrisc.com](mailto:claims@amrisc.com)  
 Ph: 252-247-8796  
 Fax: 252-726-2855

AmRisc’s conduct with regard to the Policy and Property qualifies as the business of insurance in this state.

10. The Policy was sold by Underwriters to D.U.R. as the insured under the Policy and



provides coverage for damages to the Property caused by a windstorm. The Policy Period was from September 16, 2017 through September 16, 2018. *See* Exhibit “A”, Policy.

11. On or about September 9, 2018, the Plaintiff’s property was substantially damaged by a windstorm. As a result, the damaged building components include, among other, the roof system, interior, exterior, and more. Upon discovering the damages, D.U.R. filed an insurance claim under the Policy with Underwriters for damages to the Property caused by the windstorm. Plaintiff asked that the cost of repairs be covered pursuant to the Policy. D.U.R.’s consultant further identified dramatic damage that ruined parts of the building’s roof. Underwriters had the property inspected to determine the cause of loss that resulted from windstorm damage.

12. Underwriters insures the Property. Underwriters, with the significant involvement and oversight by AmRisc, assigned adjusters, consultants, and agents to D.U.R.’s file that were inadequate and improperly trained. Specifically, Underwriters delegated AmRisc to assign the claims to CJW and Sedgwick as the third-party adjusting firms to handle the claim. AmRisc and Underwriters’ preferred adjusting company, Sedgwick, engaged Rimkus Consulting Group, Inc. engineer, Pablo Anguiano who concluded that the damages were caused by anything but wind. Mr. Anguiano suggested that Underwriters deny the full scope of covered damages. This opinion was unreasonable and pretextual, and consistent with AmRisc’s clear prerogative to increase profits by denying claims. Underwriters delayed and denied payment for damages and also relied upon Mr. Anguiano for its coverage decision.

13. Despite clear evidence of covered damage, Underwriters engaged in and ratified this improper claims conduct and ultimately approved a gross underpayment of the contractual damages. This underpayment omitted important facts, physical evidence, and meteorological data supporting D.U.R.’s claim.

14. Underwriters, Sedgwick, and Mr. Anguiano chose to ignore obvious damages to the Property. Underwriters relied on Sedgwick and Mr. Anguiano's incomplete and inadequate investigation in making coverage decisions under the Policy and deciding what amounts, if any, to pay on the claim, which is evidenced by the estimates and reports that fail to account for the necessary repairs to the Property. D.U.R. was forced to hire its own representative and demand re-inspections and re-evaluations of the obvious damages to the Property that Defendants ignored. Defendants represented that certain damages were not covered under the Policy when in fact they were.

15. Based on Sedgwick and Mr. Anguiano's haphazard investigation, a denial was issued under the Policy on May 1, 2019. Underwriters wrongfully denied and delayed D.U.R.'s claim for repairs and replacement. Furthermore, Defendants have underestimated damages during their investigation. Defendants have chosen to continue to deny and delay timely payment of the damages. As a result, D.U.R. has not been fully paid under the Policy provided by Underwriters since the windstorm.

16. As a result of Defendants' acts and/or omissions, D.U.R. was required to retain an attorney to prosecute its claim for insurance benefits.

17. Unfortunately, Defendants have denied payment for D.U.R.'s necessary and covered Property damages under its insurance policy. Given the repeated delays of payment, Plaintiff has been subjected to significant economic impact, and physical damage. In addition, Plaintiff has suffered financial harm and damage as a result of Defendants' denials and repeated delays. The significant effect of Defendants' wrongful and unjustified delays, however, is still uncompensated.

**FIRST CAUSE OF ACTION---Violations of Texas Insurance Code**

18. D.U.R. re-alleges and incorporates each allegation contained in the previous Paragraphs of this Petition as if fully set forth herein.
19. Underwriters failed to attempt to effectuate a prompt, fair, and equitable settlement of a claim with respect to which liability has become reasonably clear, in violation of Texas Insurance Code Section 541.060 (a)(2)(A). AmRisc violated this subsection by selecting, overseeing, and administering a claims handling process designed from the outset to result in a denial of Plaintiff's claim.
20. Underwriters failed to adopt and implement reasonable standards for prompt investigation of claims arising under its policies.
21. Underwriters failed to provide promptly a reasonable explanation, in relation to the facts or applicable law, for the denial of a claim, in violation of Texas Insurance Code Section 541.060 (a)(3).
22. Underwriters failed to within a reasonable time to affirm or deny coverage of a claim to a policyholder; or submit a proper reservation of rights to a policyholder in violation of Texas Insurance Code Section 541.060(a)(4).
23. Underwriters refused to pay a claim without conducting a reasonable investigation with respect to the claim, in violation of Texas Insurance Code Section 541.060 (a)(7). AmRisc violated this subsection by selecting, overseeing, and administering a claims handling process designed from the outset to result in a denial of Plaintiff's claim.
24. Underwriters misrepresented the insurance policy under which it affords Property coverage to D.U.R., by making an untrue statement of material fact, in violation of Texas Insurance Code Section 541.061 (1). Underwriters misrepresented the insurance policy to D.U.R., by making an

untrue statement of material fact, in violation of Texas Insurance Code Section 541.061 (1).

25. Underwriters misrepresented the insurance policy under which it affords Property coverage to D.U.R. by failing to state a material fact that is necessary to make other statements made not misleading, in violation of Texas Insurance Code Section 541.061 (2). Underwriters misrepresented the insurance policy to D.U.R. by failing to state a material fact that is necessary to make other statements made not misleading, in violation of Texas Insurance Code Section 541.061 (2).

26. Underwriters misrepresented the insurance policy under which it affords Property coverage to D.U.R. by making a statement in such manner as to mislead a reasonably prudent person to a false conclusion of material fact, and failing to disclose a matter required by law to be disclosed, in violation of Texas Insurance Code Section 541.061 (3) and Texas Insurance Code Section 541.002 (1). Underwriters misrepresented the insurance policy to D.U.R. by making a statement in such manner as to mislead a reasonably prudent person to a false conclusion of material fact, and failing to disclose a matter required by law to be disclosed, in violation of Texas Insurance Code Section 541.061 (3) and Texas Insurance Code Section 541.002 (1).

27. Underwriters and AmRise knowingly committed the foregoing acts, with actual knowledge of the falsity, unfairness, or deception of the foregoing acts and practices, in violation of Texas Insurance Code Section 541.002 (1).

**SECOND CAUSE OF ACTION---Prompt Payment of Claim**

28. D.U.R. re-alleges and incorporates each allegation contained in the previous Paragraphs of this Petition as if fully set forth herein.

29. Underwriters failed to acknowledge receipt of the claim in violation of Texas Insurance Code Section 542.055 (a)(1).

30. Underwriters failed to timely commence investigation of the claim or to request from

D.U.R. any additional items, statements or forms that Underwriters, Sedgwick, and Mr. Anguiano reasonably believe to be required from D.U.R. in violation of Texas Insurance Code Section 542.055 (a)(2)-(3).

31. Underwriters failed to notify D.U.R. in writing of the acceptance or rejection of the claim not later than the 15<sup>th</sup> business day after receipt of all items, statements and forms required by Underwriters in violation of Texas Insurance Code Section 542.056(a).

32. Underwriters delayed payment of D.U.R.'s claim in violation of Texas Insurance Code Section 542.058(a).

33. Each of the actions described herein were done "knowingly" as that term is used in the Texas Insurance Code and were a producing cause of D.U.R.'s damages.

**THIRD CAUSE OF ACTION---Statutory Interest**

34. D.U.R. re-alleges and incorporates each allegation contained in the previous Paragraphs of this Petition as if fully set forth herein.

35. D.U.R. makes a claim for statutory interest penalties along with reasonable attorneys' fees for violation of Texas Insurance Code Subchapter B pursuant to Texas Insurance Code Section 542.060.

**FOURTH CAUSE OF ACTION---Breach of Contract**

36. D.U.R. re-alleges and incorporates each allegation contained in the previous Paragraphs of this Petition as if fully set forth herein.

37. As outlined above, Underwriters breached their contract with D.U.R. by refusing to pay for covered damages under the Policy. As a result of Underwriters' breach, D.U.R. suffered legal damages.

**FIFTH CAUSE OF ACTION---Breach of duty of good faith & fair dealing**

38. D.U.R. re-alleges and incorporates each allegation contained in the previous Paragraphs of this Petition as if fully set forth herein.

39. Underwriters, as the Property coverage insurers, had a non-delegable duty to deal fairly and in good faith with D.U.R. in the processing of the claim. Underwriters breached this duty by refusing to properly investigate and effectively denying insurance benefits. Underwriters knew or should have known that there was no reasonable basis for denying or delaying the required benefits. As a result of the Underwriters' breach of these legal duties, D.U.R. suffered legal damages.

**SIXTH CAUSE OF ACTION---Punitive Damages for Bad Faith**

40. D.U.R. re-alleges and incorporates each allegation contained in the previous Paragraphs of this Petition as if fully set forth herein.

41. Defendants acted fraudulently and with malice (as that term is legally defined) in denying and delaying D.U.R.'s claim for benefits. Further, Defendants had actual, subjective awareness of the risk involved, but nevertheless proceeded with conscious indifference to the rights, safety, or welfare of D.U.R.

**SEVENTH CAUSE OF ACTION---Violations Of Texas DTPA**

42. D.U.R. re-alleges and incorporates each allegation contained in the previous Paragraphs of this Petition as if fully set forth herein.

43. The Deceptive Trade Practices-Consumer Protection Act (DTPA) provides additional protections to consumers who are victims of deceptive, improper, or illegal practices. Defendants' violations of the Texas Insurance Code create a cause of action under the DTPA. Defendants' violations of the Texas Insurance Code, as set forth herein, specifically violate the DTPA as well. Defendant has also acted unconscionably, as that term is defined under the

DTPA.

44. Each of the actions described herein were done “knowingly” as that term is used in the DTPA and were a producing cause of D.U.R.’s damages.

**KNOWLEDGE**

45. Each of the actions described herein were done “knowingly” as that term is used in the Texas Insurance Code and were a producing cause of D.U.R.’s damages.

**RESULTING LEGAL DAMAGES**

46. D.U.R. is entitled to the actual damages resulting from the Defendants’ violations of the law. These damages include the consequential damages to its economic welfare from the wrongful denial and delay of benefits including loss of the property and business; and the other actual damages permitted by law. In addition, D.U.R. is entitled to exemplary damages.

47. As a result of Defendants’ acts and/or omissions, D.U.R. has sustained damages in excess of the minimum jurisdictional limits of this Court.

48. D.U.R. is entitled under law to the recovery of prejudgment interest at the maximum legal rate.

49. Defendants’ knowing violations of the Texas Insurance Code and DTPA entitle D.U.R. to the attorneys’ fees, treble damages, and other penalties provided by law.

50. D.U.R. is entitled to statutory interest as damages under the Texas Insurance Code 542.060(c).

51. As a result of Defendants’ acts and/or omissions, D.U.R. has sustained damages in excess of the jurisdictional limits of this Court.

52. D.U.R. is entitled under law to the recovery of prejudgment interest at the maximum legal rate.

53. D.U.R. is entitled to the recovery of attorneys' fees pursuant to Tex. Civ. Prac. & Rem. Code §38.001, the Texas Insurance Code 542.060(a)-(b), the Tex. Bus & Commerce Code §17.50 and Tex. Civ. Prac. & Rem. Code §37.009.

**Prayer**

WHEREFORE, PREMISES CONSIDERED, Plaintiff respectfully request that Plaintiff have judgment against Defendants for actual damages in excess of the minimum jurisdictional limits of this Court, pre- and post-judgment interest as allowed by law, costs of suit, and all other relief, at law or in equity, to which Plaintiff may be entitled.

Respectfully submitted,

**RAIZNER SLANIA LLP**



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JEFFREY L. RAIZNER

State Bar No. 00784806

ANDREW P. SLANIA

State Bar No. 24056338

BEN WICKERT

State Bar No. 24066290

AMY B. HARGIS

State Bar No. 24078630

2402 Dunlavy Street

Houston, Texas 77006

Phone: (713)554.9099

Fax: (713)554.9098

[efile@raiznerlaw.com](mailto:efile@raiznerlaw.com)

**ATTORNEYS FOR PLAINTIFF**



**JURY DEMAND**

*D.U.R. Properties, LLC hereby demands a trial by jury, a right enshrined in the Constitution of the United States of America and the State of Texas and preserved by the sacrifices of many. The necessary jury fee has been paid.*



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**ANDREW P. SLANIA**

Unofficial Copy Office of Marilyn Burgess District Clerk



AmWINS Brokerage of Texas, Inc.  
5910 North Central Expressway  
Suite 500  
Dallas, TX 75206

T 214.561.9394  
F 214.529.9101

amwins.com

TX License #1338460

## POLICY PREMIUM AND SURPLUS LINES TAX SUMMARY

Attached to and forming part of Policy Number: AMR5694001

Named Insured:	D.U.R. Properties LLC	Policy Number:	AMR5694001
Coverage:	Property	Carrier:	Lloyd's of London
Agency:	Lone Star Insurance Services, Inc.	Policy Period:	09/16/2017 - 09/16/2018

Policy Premium:	\$12,669.00
Fees:	\$250.00
Surplus Lines Taxes:	\$645.95
<b>Total:</b>	<b>\$13,564.95</b>

**IMPORTANT NOTICE:** THE NONADMITTED & REINSURANCE REFORM ACT (NRRA) WENT INTO EFFECT ON JULY 21, 2011. ACCORDINGLY, SURPLUS LINES TAX RATES AND REGULATIONS ARE SUBJECT TO CHANGE WHICH COULD RESULT IN AN INCREASE OR DECREASE OF THE TOTAL SURPLUS TAXES AND FEES OWED ON THIS PLACEMENT. IF A CHANGE IS REQUIRED, WE WILL PROMPTLY NOTIFY YOU. ANY ADDITIONAL TAXES OWED MUST BE PROMPTLY REMITTED TO AMWINS.

### FEES:

Fee	Taxable	Amount
<b>Texas</b>		
AmWINS Service Fee	Yes	\$250.00
	<b>Total</b>	<b>\$250.00</b>
<b>Total Fees</b>		<b>\$250.00</b>

### SURPLUS LINES TAX CALCULATION:

Description	Taxable Premium	Taxable Fee	Tax Basis	Rate	Tax
<b>Texas</b>					
Surplus Lines Tax	\$12,669.00	\$250.00	\$12,919.00	4.85%	\$626.57
Stamping Fee	\$12,669.00	\$250.00	\$12,919.00	0.15%	\$19.38
			<b>Total</b>		<b>\$645.95</b>
<b>Total Surplus Lines Taxes and Fees</b>					<b>\$645.95</b>

## SURPLUS LINES DISCLOSURE

### Texas

This insurance contract is with an insurer not licensed to transact insurance in this state and is issued and delivered as surplus line coverage under the Texas insurance statutes. The Texas Department of

**This Declaration Page is attached to and forms part of Certificate Provisions.**

Previous Account No. <u>428670</u>	Account ID <u>516293</u>
Name and address of the Insured	Producer
D.U.R. Properties LLC	AmWINS Brokerage of Texas, Inc.
911 Rio Grande Dr	5910 North Central Expressway
Mission, TX 76572	Dallas, TX 75206

Effective From 09/16/2017 To 09/16/2018 ;

Both days at 12:01 a.m. standard time at the Insured's mailing address.

Insurance is effective with: Insurer(s) as stated on Form AR CA - Contract Allocation Endorsement

**This Policy consists of the following coverage parts for which a premium is indicated -**  
**This premium may be subject to adjustment.**

COMMERCIAL PROPERTY COVERAGE PART	Certificate/Policy No.		Premium
Certain Underwriters at Lloyd's, London	AMR-58940-01	Property	\$ 12,669
One Lime Street, London EC3M 7HA		TRIA	\$ 0
c/o Thompson Heath and Bond Limited, 107 Leadenhall Street, London EC3A 4AF			
Indian Harbor Insurance Company	N/A	Property	\$ 0
505 Eagleview Blvd., Suite 100, Dept. Regulatory		TRIA	\$ 0
Exton, PA 19341-1120			
QBE Specialty Insurance Company	N/A	Property	\$ 0
88 Pine Street, 16th Floor, Wall Street Plaza		TRIA	\$ 0
New York, NY 10005			
Steadfast Insurance Company	N/A	Property	\$ 0
1288 Zurich Way		TRIA	\$ 0
Schaumburg, IL 60196			
General Security Indemnity Company of Arizona	N/A	Property	\$ 0
One Seaport Plaza, 188 Water Street		TRIA	\$ 0
New York, NY 10038-3626			
United Specialty Insurance Company	N/A	Property	\$ 0
1900 L. Don Dodson Drive		TRIA	\$ 0
Bedford, TX 76021			
Lexington Insurance Company	N/A	Property	\$ 0
100 Summer Street #2000		TRIA	\$ 0
Boston, MA 02110			
Princeton Excess and Surplus Lines Insurance Company	N/A	Property	\$ 0
555 College Road East		TRIA	\$ 0
Princeton, NJ 08543			
International Insurance Company of Hannover SE	N/A	Property	\$ 0
Roderbruchstrasse 26, 30655 Hannover, Germany		TRIA	\$ 0
Attn: Ralph Beutler			
Old Republic Union Insurance Company	N/A	Property	\$ 0
370 North Michigan Avenue		TRIA	\$ 0
Chicago, IL 60601			
		Inspection Fee	\$ 0
		<b>Total</b>	\$ 12,669.00
Minimum Earned Premium = \$	4,434		

Dated 10/06/17By Correspondent and/or Program Manager for the Company(ies)  
AmRis, LLC, 20405 SH 249, Suite 430, Houston, TX 77070State stamp if applicable  
CERTCO 06 17

The Correspondent and/or Program Manager is not an Insurer hereunder and neither is nor shall be liable for any loss or claim whatsoever.

Insurance does not audit the finances or review the solvency of the surplus lines insurer providing this coverage, and the insurer is not a member of the property and casualty insurance guaranty association created under Chapter 462 Insurance Code. Chapter 225, Insurance Code, requires payment of a 4.85 percent tax on gross premium. **AmWINS Brokerage of Texas, Inc.**

**5910 N. Central Expressway, Suite 500**

Surplus Lines Licensee Name: **Dallas, TX 75206**

### **IMPORTANT NOTICE**

To obtain information or make a complaint:

You may contact the Texas Department of Insurance to obtain information on companies, coverages, rights or complaints at

**1-800-252-3439**

You may write the Texas Department of Insurance:

Post Office Box 149104

Austin, Texas 78714-9104

Fax: 512-490-1007

Web: <http://www.tdi.texas.gov>

E-mail: [ConsumerProtection@tdi.state.tx.us](mailto:ConsumerProtection@tdi.state.tx.us)

### **PREMIUM OR CLAIM DISPUTES:**

Should you have a dispute concerning your premium or about a claim you should contact the agent first. If the dispute is not resolved, you may contact the Texas Department of Insurance.

### **ATTACH THIS NOTICE TO YOUR POLICY:**

This notice is for information only and does not become a part or condition of the attached document.

### **AVISO IMPORTANTE**

Para obtener informacion o para someter una queja:

Puede comunicarse con el Departamento de Seguros de Texas para obtener informacion acerca de companias, coberturas, derechos o quejas al:

**1-800-252-3439**

Puede escribir al Departamento de Seguros de Texas:

Post Office Box 149104

Austin, Texas 78714-9104

Fax: 512-490-1007

Web: <http://www.tdi.texas.gov>

E-mail: [ConsumerProtection@tdi.state.tx.us](mailto:ConsumerProtection@tdi.state.tx.us)

### **DISPUTAS SOBRE PRIMAS O RECLAMOS:**

Si tiene una disputa concerniente a su prima o a un reclamo, debe comunicarse con el agente primero. Si no se resuelve la disputa, puede entonces comunicarse con el departamento (TDI).

**UNA ESTA AVISO A SU POLIZA:**

Este aviso es solo para proposito de informacion y no se convierte en parte o condicion del documento adjunto.

Unofficial Copy Office of Marilyn Burgess District Clerk

**TEXAS COMPLAINTS NOTICE**

<b>IMPORTANT NOTICE</b>	<b>AVISO IMPORTANTE</b>
To obtain information or make a complaint:	Para obtener información o para presentar una queja:
You may contact the Texas Department of Insurance to obtain information on companies, coverages, rights or complaints at:	Usted puede comunicarse con el Departamento de Seguros de Texas para obtener información sobre compañías, coberturas, derechos, o quejas al:
<b>1-800-252-3439</b>	<b>1-800-252-3439</b>
You may write the Texas Department of Insurance:	Usted puede escribir al Departamento de Seguros de Texas a:
P. O. Box 149104	P. O. Box 149104
Austin, TX 78714-9104	Austin, TX 78714-9104
Fax: (512) 490-1007	Fax: (512) 490-1007
Web: <a href="http://www.tdi.texas.gov">www.tdi.texas.gov</a>	Web: <a href="http://www.tdi.texas.gov">www.tdi.texas.gov</a>
E-mail: <a href="mailto:ConsumerProtection@tdi.texas.gov">ConsumerProtection@tdi.texas.gov</a>	E-mail: <a href="mailto:ConsumerProtection@tdi.texas.gov">ConsumerProtection@tdi.texas.gov</a>
<b>PREMIUM OR CLAIM DISPUTES:</b>	<b>DISPUTAS POR PRIMAS DE SEGUROS O RECLAMACIONES:</b>
Should you have a dispute concerning your premium or about a claim you should contact the agent first. If the dispute is not resolved, you may contact the Texas Department of Insurance.	Si tiene una disputa relacionada con su prima de seguro o con una reclamación, usted debe comunicarse con el agente primero. Si la disputa no es resuelta, usted puede comunicarse con el Departamento de Seguros de Texas.
<b>ATTACH THIS NOTICE TO YOUR POLICY:</b>	<b>ADJUNTE ESTE AVISO A SU PÓLIZA:</b>
This notice is for information only and does not become a part or condition of the attached document.	Este aviso es solamente para propósitos informativos y no se convierte en parte o en condición del documento adjunto.

October 19, 2015  
LMA90808

### TEXAS SURPLUS LINES NOTICE

This insurance contract is with an insurer not licensed to transact insurance in this state and is issued and delivered as surplus line coverage under the Texas insurance statutes. The Texas Department of Insurance does not audit the finances or review the solvency of the surplus lines insurer providing this coverage, and the insurer is not a member of the property and casualty insurance guaranty association created under Chapter 462, Insurance Code. Chapter 225, Insurance Code, requires payment of a 4.85% percent tax on gross premium.

LMA9079

September 1, 2013

Unofficial Copy Office of Marilyn Burgess District Clerk



# SCHEDULE OF FORMS AND ENDORSEMENTS

Account No.  
516293

NAMED INSURED  
D.U.R. Properties LLC

## Forms and Endorsements

LMA 50808 10 19 15	TEXAS COMPLAINTS NOTICE
LMA 50719 09 01 13	TEXAS SURPLUS LINES NOTICE
CERTCO 06 17	DECLARATION PAGE
FORMS SCHEDULE	SCHEDULE OF FORMS AND ENDORSEMENTS
CHANGE END PAGE	POLICY ENDORSEMENT PAGE
CP 12 05 11 05	SUPPLEMENTAL DECLARATIONS
AR CA 03 17	CONTRACT ALLOCATION ENDORSEMENT
IL 00 17 11 98	COMMON POLICY CONDITIONS
CP 00 00 07 88	COMMERCIAL PROPERTY CONDITIONS
AROL PE 05 17	ARRISC ONLINE PROPERTY ENDORSEMENT
AR CCP 01 17	ARRISC CAT COVERED PROPERTY ENDORSEMENT
LLOYDS SOS 03 17	LLOYDS OF LONDON AMENDATORY ENDT
PN CW 01 09 15	FRAUD NOTICE
U-GU-1041-A LMA3109	SEAC NOTICE AND SANCTION LIMITATION CLAUSES
AR CYRS 08 14	CALENDAR YEAR NAMED STORM DEDUCTIBLE
AR 00 01 08 17 B	ARRISC ONLINE PROPERTY ENHANCEMENT ENDORSEMENT
EDF-1 07 08	ELECTRONIC DATA PROCESSING
GE&O-1 07 08	UNINTENTIONAL ERRORS AND OMISSIONS
CP 00 10 10 12	BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CP 00 12 10 12	BUSINESS INCOME WITHOUT EXTRA EXPENSE COVERAGE FORM
CP 00 10 10 12	EXTRA EXPENSE COVERAGE FORM
CP 03 20 10 92	MULTIPLE DEDUCTIBLE FORM ENDT
AR 03 21L 11 05	VALUES PER LOCATION WINDSTORM OR HAIL PERCENTAGE DEDUCTIBLE ENDT
AR 04 05 07 08	ORDINANCE OR LAW COVERAGE ENDT
CP 10 10 10 12	CAUSES OF LOSS-SPECIAL FORM
CP 14 10 06 95	ADDITIONAL COVERED PROPERTY ENDT
TL 09 83 01 15	EXCLUSION OF CERTIFIED ACTS OF TERRORISM ENDT
AR EPE 04 17	ARRISC ENHANCEMENT PLUS ENDORSEMENT
CP 15 01 10 12	ORDINANCE OR LAW - INCREASED PERIOD OF RESTORATION
AROL CYBER 01 17	ARRISC ONLINE CYBER ENDORSEMENT

## Additional Miscellaneous Forms

Forms Schedule

EXHIBIT A



(The Attaching Clause needs to be completed only when this endorsement is issued subsequent to preparation of the policy.)

### ENDORSEMENT 1

This endorsement, effective on 09/16/2017, at 12:01 A.M. standard time, forms a part of:

Account No. 516293

Certain Underwriters at Lloyd's, London  
 Indian Harbor Insurance Company  
 QBE Specialty Insurance Company  
 Steadfast Insurance Company  
 General Security Indemnity Company of Arizona  
 United Specialty Insurance Company  
 Lexington Insurance Company  
 Princeton Excess and Surplus Lines Insurance Company  
 International Insurance Company of Hannover SE  
 Old Republic Union Insurance Company

AMR-56840-01

N/A

N/A

N/A

N/A

N/A

N/A


N/A

N/A

N/A

Issued to: D.U.R. Properties LLC

By: See Contract Allocation Endorsement AR CA

  
 Authorized Representative

1. The following sublimit(s) shall apply:

\$25,000 Per Occurrence as regards Extra Expense 40%; 80%; 100%  
 [per form CP 00 50]

2. Replacement Cost Valuation shall apply as regards to Real Property; Except roof coverings to be Actual Cash Value of originally installed or last fully replaced prior to 2006.
3. Coverage explicitly excludes all flooding, including but not limited to flooding during windstorm events.
4. Coverage excludes all damage directly or indirectly caused by any Named Storm in existence upon AmRisc receipt of written request to bind.
5. All Buildings with outstanding damage are excluded. Contact Underwriter if waiver needed.
6. The complete Named Insured listing, if applicable, is per schedule on file with AmRisc.
7. Warrant no known sinkhole activity at the insured Location(s) or within 1000 ft. of the insured Location(s).
8. Warrant no losses last 3 years on properties to be covered unless specified in AmRisc Application - Statement of Values.
9. Warrant no expiring AmRisc markets that are quoted herein unless exception by the underwriter.
10. Warrant no Exterior Insulation and Finish System (EIFS) Construction.

Printed/Issued On: 10/06/17

EXHIBIT A

CP 12 05 11 85

# **COMMERCIAL PROPERTY COVERAGE PART SUPPLEMENTAL DECLARATIONS**

ACCOUNT NO. 516293

COMPANY

See Contract Allocation Endorsement AR CA

NAMED INSURED D U R. Properties LLC

DESCRIPTION OF PREMISES LES STRIP CENTER

PREM. NO.	BLDG. NO.	LOCATION, CONSTRUCTION AND OCCUPANCY
ALL	ALL	See schedule on file with Aetna.

## **COVERAGES PROVIDED**

PREM. NO.	BLDG. NO.	COVERAGE	LIMITS OF INSURANCE	COVERED CAUSES OF LOSS	COINSURANCE* RATES
ALL	ALL	Real Property and Business Income/Rentals	Per schedule on file with Aetna; subject to sublimits stated elsewhere in the policy; and based on Total Insurable Values of \$4,968,100.	Special Perils, Expanding Flood and Earthquake	80%

## **OPTIONAL COVERAGES**

IF EXTRA EXPENSE COVERAGE, LIMITS ON LOSS PAYMENT

PREM. NO.	BLDG. NO.	AGREED VALUE			REPLACEMENT COST (X)	
		EXPIRATION DATE	COVERAGE	AMOUNT	BUILDING	PERSONAL PROPERTY INCLUDING "STOCK"
ALL	ALL				See Endorsement #1	

INFLATION GUARD (Percentage)		*MONTHLY LIMIT OF INDEMNITY (Fraction)	*MAXIMUM PERIOD OF INDEMNITY (X)	*EXTENDED PERIOD OF INDEMNITY (Days)
BUILDING	PERSONAL PROPERTY			

## **MORTGAGE HOLDERS**

APPLIES TO BUSINESS INCOME ONLY

PREM. NO.	BLDG. NO.	MORTGAGE HOLDER NAME AND MAILING ADDRESS
ALL	ALL	All mortgage holders, lien holders, additional insureds, loan payees, and certificate holders are per schedule on file with Aetna.

## **FORMS APPLICABLE TO SPECIFIC PREMISES/COVERAGES**

PREM. NO.	BLDG. NO.	COVERAGES	FORM NUMBER
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CP 12 05 11 85

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Hart Forms & Services  
Reorder No. 14-9026

EXHIBIT A

Effective Date: 09/16/2017

**CONTRACT ALLOCATION ENDORSEMENT**

This insurance is effected with certain insurance underwriters (hereinafter called the "Underwriters"). The following words shall be deemed to be synonymous: "Underwriters", "Insurers" and "Company".

The liability of each Underwriter on this contract with the Insured is limited to the participation amount shown in the schedule below. The liability of each separate contract listed and for each Underwriter represented thereby for any loss or losses or amounts payable is several as to each and shall not exceed its participation percentage shown below and there is no joint liability of any Underwriters pursuant to this contract. An Underwriter shall not have its liability hereunder increased or decreased by reason of failure or delay of another Underwriter, its successors, assigns, or legal representatives. Any loss otherwise payable under the provisions of the attached policy that exceeds the allocation of "Risk" as defined herein shall be borne proportionately by the contracts as to their limit of liability at the time and place of the loss bears to the total allocated limits herein.

This contract shall be constructed as a separate contract between the Insured and each of the Underwriters. This evidence of coverage consists of separate sections of a composite insurance for all Underwriter's at Lloyd's combined and separate policies issued by the insurance company(ies), all as identified below. This evidence of coverage does not constitute in any manner or form a joint certificate of coverage by Underwriter's at Lloyd's with any other insurance company(ies).

In witness whereof, the following Underwriters execute and attest these presents, and subscribe for the amount of insurance provided. The security is as noted below.

LAYER OF PARTICIPATION	PERILS (AS PER POLICY)	CONTRACT#	COMPANY CODE	POLICY # / CERTIFICATE #	PARTICIPATION	rate
\$50,000 excess of Deductibles	CYS	8123017AMR1271	Lloyds	AMR-56940-01	\$50,000 100.0000%	\$0.000
\$4,988,500 excess of Deductibles	SP	8123016AMR1268	Lloyds	AMR-56940-01	\$4,988,500 100.0000%	\$0.250

**ALLOCATION OF LIABILITY:**

The contracts herein cover mutually exclusive perils. The maximum limit of liability is not to exceed the per occurrence participation stated herein, regardless of whether multiple perils and multiple contracts are involved. Recognition of liability by either of the contracts reduces the limit of liability of any corresponding contract.

The liability otherwise determined to exist under the terms and conditions of this policy shall be borne by the contract covering the proximate cause of loss identified in the allocation of security. Any loss covered by the policy by a peril not allocated to a contract herein shall be borne by the contract covering the most comprehensive perils, generally in accordance with the ISO Special Causes of Loss Contracts. The liability of the policy shall not be increased or decreased by any condition of the allocation to specific contracts on this endorsement.

Covered perils shall be defined by the applicable forms attached to this policy or otherwise as per the industry standard definition.

<b>SYMBOLS USED HEREIN:</b>	<b>CAUSE OF LOSS</b>	<b>SYMBOL</b>	<b>CODE</b>	<b>COMPANY</b>
	Basic	BA	Lloyds	Certain Underwriters at Lloyd's, London
	Broad	BR		
	Special	SP		
	All Risk excl F/Q	AR		
	Difference in Conditions	DIC		
	Windstorm and Hail	WH		
	Named Windstorm	NW		
	All Other Windstorm	AOW		
	Named Storm Flood	NF		
	Flood	F		
	All Other Flood	AOF		
	Earthquake	Q		
	Terrorism Coverages (T3)	T		
	Certified Terrorism as Defined by			
	TRIA, if available	T1		
	Non-Certified Terrorism	T2		
	Equipment Breakdown	EBD		
	Excluding	EXCL		
	Including	INCL		
	Cyber and Data Compromise	CYB		

"Risk" as per contract terms, shall be defined as follows:

<b>Risk</b>	<b>Basis of Limits</b>
Flood and Earthquake	Any One Occurrence and Aggregate
Named Windstorm	Any One Occurrence
Wind and Hail EXCL NW	Any One Occurrence
All Other Perils EXCL F, Q	Any One Occurrence
T, T1 and T2	Any One Occurrence
Maximum "Risk" is defined as	Any One Occurrence

This schedule forms a part of the original Account # **516293**

by

Authorized Signature

**CERTAIN UNDERWRITER'S AT LLOYD'S, LONDON - Syndicate List**

If Certain Underwriter's at Lloyd's, London are listed as security on the Contract Allocation Endorsement attached to the policy, the list of syndicates is shown below:

Account #: 516293

Certificate #: AMR-56940-01

**Syndicate Number****Syndicate Abbreviation**

510	KLN
2987	BRT
33	HIS
5000	SPL
780	ADV
2121	ARG
382	HOU
1980	ISN
510	KLN
1969	APL
609	AUW
2623	BEA
1897	SKD
727	SAM
623	BEA



## COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

### A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
  - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
  - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

### B. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

### C. Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

### D. Inspections And Surveys

1. We have the right to:
  - a. Make inspections and surveys at any time;

- b. Give you reports on the conditions we find; and

- c. Recommend changes.

2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
  - a. Are safe or healthful; or
  - b. Comply with laws, regulations, codes or standards.

3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

### E. Premiums

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

### F. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

CP 00 90 07 88

## COMMERCIAL PROPERTY CONDITIONS

This Coverage Part is subject to the following conditions, the Common Policy Conditions and applicable Loss Conditions and Additional Conditions in Commercial Property Coverage Forms.

### A. CONCEALMENT, MISREPRESENTATION OR FRAUD

This Coverage Part is void in any case of fraud by you as it relates to this Coverage Part at any time. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning:

1. This Coverage Part;
2. The Covered Property;
3. Your interest in the Covered Property; or
4. A claim under this Coverage Part.

### B. CONTROL OF PROPERTY

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any condition of this Coverage Part at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

### C. INSURANCE UNDER TWO OR MORE COVERAGES

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

### D. LEGAL ACTION AGAINST US

No one may bring a legal action against us under this Coverage Part unless:

1. There has been full compliance with all of the terms of this Coverage Part; and
2. The action is brought within 2 years after the date on which the direct physical loss or damage occurred.

### E. LIBERALIZATION

If we adopt any revision that would broaden the coverage under this Coverage Part without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this Coverage Part.

### F. NO BENEFIT TO BAILEE

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

### G. OTHER INSURANCE

1. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage

Part bears to the Limits of Insurance of all insurance covering on the same basis.

2. If there is other insurance covering the same loss or damage, other than that described in 1. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

### H. POLICY PERIOD, COVERAGE TERRITORY

Under this Coverage Part:

1. We cover loss or damage commencing:
  - a. During the policy period shown in the Declarations; and
  - b. Within the coverage territory.
2. The coverage territory is:
  - a. The United States of America (including its territories and possessions);
  - b. Puerto Rico; and
  - c. Canada.

### I. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

If any person or organization to or for whom we make payment under this Coverage Part has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

1. Prior to a loss to your Covered Property or Covered Income.
2. After a loss to your Covered Property or Covered Income only if, at time of loss, that party is one of the following:
  - a. Someone insured by this insurance;
  - b. A business firm:
    - (1) Owned or controlled by you; or
    - (2) That owns or controls you; or
  - c. Your tenant.

This will not restrict your insurance.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

### AmRISC ONLINE PROPERTY ENDORSEMENT

WITH RESPECT TO THE COVERAGE PROVIDED BY ALL UNDERWRITERS, CARRIERS AND INSURERS OF THIS POLICY, THE FOLLOWING CLAUSES SHALL APPLY.

Throughout this Policy, the word "Assured" shall be synonymous with "Insured"; the words "we", "us", "our", shall be synonymous with "Underwriters", "Insurers" and "Company(ies)"; the word "Certificate" shall be synonymous with "Policy", the word "Schedule" shall be synonymous with "Declarations", the word "peril" shall be synonymous with "cause of loss", and the term "limit of liability" is synonymous with "limit of insurance".

#### 1. Additional Conditions

##### **A. Debris Removal**

**NMA 2340 11/24/1988 (USA date) - amended**

THIS CLAUSE CONTAINS PROVISIONS WHICH MAY LIMIT OR PREVENT RECOVERY UNDER THIS POLICY FOR LOSS WHERE COSTS OR EXPENSES FOR DEBRIS REMOVAL ARE INCURRED.

Nothing contained in this Clause shall override any Seepage and/or Pollution and/or Contamination Exclusion or any Radioactive Contamination Exclusion or any other Exclusion applicable to this Policy.

Any provision within this Policy (or within any other Endorsement which forms part of this Policy) which insures debris removal is cancelled and replaced by the following:

1. In the event of direct physical damage to or destruction of property, for which Underwriters hereon agree to pay, or which but for the application of a deductible or underlying amount they would agree to pay (hereinafter referred to as "Damage or Destruction"), this Policy also insures, within the Sum Insured, subject to the limitations, and method of calculation below, and to all the other terms and conditions of the Policy, costs or expenses:
  - (a) which are reasonably and necessarily incurred by the Assured in the removal, from the premises of the Assured at which the Damage or Destruction occurred, of debris which results from the Damage or Destruction; and
  - (b) of which the Assured becomes aware and advises the amount thereof to Underwriters hereon within one year of the commencement of such Damage or Destruction.
2. In calculating the amount, if any, payable under the Policy for loss where costs or expenses for removal of debris are incurred by the Assured (subject to the limitations in paragraph 1 above):
  - (a) the maximum amount of such costs or expenses that can be included in the method of calculation set out in (b) below shall be the greater of US\$25,000 (twenty-five thousand dollars) or 25% (twenty-five percent) of the amount of the Damage or Destruction from which such costs or expenses result; and
  - (b) the amount of such costs or expenses limited in (a) above shall be added to:
    - (i) the amount of the Damage or Destruction; and



- (ii) all other amounts of loss, which arise as a result of the same occurrence, and for which Underwriters hereon also agree to pay, or which but for the application of a deductible or underlying amount they would agree to pay; and

the resulting sum shall be the amount to which any deductible or underlying amount to which this Policy is subject and the limit (or applicable sublimit) of this Policy, shall be applied.

**B. Occurrence Limit of Liability**  
**Form No. AR 2**

It is understood and agreed that the following special terms and conditions apply to this policy.

1. The Limit of Liability or Amount of Insurance shown on the face of this policy, or endorsed onto this policy, is the total of the Company's liability applicable to each occurrence, as hereafter defined. Notwithstanding any other terms and conditions of this policy to the contrary, in no event shall the liability of the Company exceed this limit or amount irrespective of the number of locations involved.

The term "occurrence" shall mean any one loss, disaster, casualty or series of losses, disasters, or casualties, arising out of one event. When the term applies to loss or series of losses from the perils of tornado, cyclone, hurricane, windstorm, hail, flood, earthquake, volcanic eruption, riot, riot attending a strike, civil commotion, and vandalism and malicious mischief, one event shall be considered to be all losses arising during a continuous period of 72 hours. When filing proof of loss, the Insured may elect the moment at which the 72 hour period shall be deemed to have commenced, which shall not be earlier than the first loss to any covered property occurs.

2. The premium for this policy is based upon the Statement of Values on file with AmRisc, or attached to this policy.
3. In event of loss hereunder, liability of the Company, subject to terms of paragraph one (1) above, shall be limited to the least of the following:
  - a. The actual adjusted amount of loss, less applicable deductibles (s).
  - b. 100% of the individually stated value for each scheduled item of property involved, as shown on the latest Statement of Values on file with AmRisc, less applicable deductible(s).
  - c. The Limit of Liability or Amount of Insurance shown on the face of this policy or endorsed onto this policy.
4. Sublimits: Any sublimits provided shall be included within the applicable limits of insurance. Coverage provided by any sublimits does not increase the applicable limits of insurance.

**C. Several Liability Clause**  
**LMA5096 03/08 (Combined Certificate)**

The liability of an insurer under this contract is several and not joint with other insurers party to this contract. An insurer is liable only for the proportion of liability it has

underwritten. An insurer is not jointly liable for the proportion of liability underwritten by any other insurer. Nor is an insurer otherwise responsible for any liability of any other insurer that may underwrite this contract.

The proportion of liability under this contract underwritten by an insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown in this contract.

In the case of a Lloyd's syndicate, each member of the syndicate (rather than the syndicate itself) is an insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member's proportion. A member is not jointly liable for any other member's proportion. Nor is any member otherwise responsible for any liability of any other insurer that may underwrite this contract. The business address of each member is Lloyd's, One Lime Street, London EC3M 7HA United Kingdom. The identity of each member of a Lloyd's syndicate and their respective proportion may be obtained by writing to Market Services, Lloyd's, at the above address. Although reference is made at various points in this clause to "this contract" in the singular, where the circumstances so require this should be read as a reference to contracts in the plural.

Wherever the word Insurers is mentioned in the LMA 5096 (Combined Certificate) this is deemed to also mean reinsured in respect of reinsurance business.

#### **D. Claims Reporting and Adjustment**

All Claims shall be reported to: AmRisc Claims Department  
E-Mail: [claims@amrisc.com](mailto:claims@amrisc.com)  
Ph: 252-247-8796  
Fax: 252-726-2855

It is further understood and agreed that, notwithstanding any provision contained elsewhere in this policy to the contrary, the Insured will be deemed to be in full compliance with any claim notice requirements, if notice of an occurrence is made to the Company[s] as soon as practicable after knowledge by the Insured or their representatives, that such occurrence will, or is likely to result in a claim under the policy. Any unintentional failure to report any occurrence or claim shall not invalidate coverage with respect to any such occurrence or claim.

#### **E. Ordinance or Law Coverage Amendment**

The insurer(s) shall not be liable for Ordinance or Law coverage, if provided by this policy, unless the covered loss to the insured building equals or exceeds 50% of the Building's total Replacement Cost.

#### **F. Property Abandoned, Condemned Or In A State Of Disrepair**

If at the date of loss to property covered by this policy, the condition of the property prior to the loss is found to be either:

- a. abandoned, or
- b. condemned, or
- c. in a state of disrepair,

then, recovery under this policy for damage from a covered peril/cause of loss is limited to the lesser of:

- (1) the cost to repair at Actual Cash value, or
- (2) the Actual Cash Value of the property prior to the loss, or
- (3) \$10,000.

This limit applies per occurrence and in the annual aggregate and includes any and all applicable additional coverage offered by this policy, such as, but not limited to, debris removal expense.

**G. Cancellation and Additions or Deletions:**

1. This Policy can be canceled by the First Named Insured by providing the Companies with:
  - a. An advanced written request for cancellation stating when the cancellation shall be effective, and
  - b. The original Policy or a lost policyholder release signed by the First Named Insured or its legal representative.
2. This Policy may be canceled by the Companies by giving to the Insured at least thirty (30) days written notice of cancellation or in the case of non-payment of premium or material mis-statement, at least ten (10) days written notice of cancellation.
3. The cancellation will be effective even if the Companies have not made or offered a refund. If notice is mailed, proof of mailing will be sufficient proof of notice.
4. If this Policy is canceled, the Companies will send the First Named Insured any premium refund due.
5. Earned Premium:
  - a. For Locations NOT "Exposed to Hurricanes", if the Insured cancels this Policy or removes a Location, the short rate return premium is 90% of applicable pro-rata premium subject to any Minimum Earned Premium stipulations in the Policy.
  - b. For Locations "Exposed to Hurricanes", if the Insured cancels this Policy, removes a Location or reduces the amount of insurance on a Location and coverage existed any time during the period of June 1<sup>st</sup> to November 1<sup>st</sup>, the amount of premium the Companies will return will be the Unearned Premium for the Location. The Unearned Premium is the Location premium times the Unearned Factor noted below:

Days Policy in Force	Unearned Factor
1-180	20.0%
181-210	15.0%
211-240	10.0%
241-270	7.5%
271-300	5.0%
301-330	2.5%
331 or more	0%

- c. However, subject to receipt of closing documents within 30 days of closing, this Policy allows pro-rata return premium for locations sold (but not for loss of management contract), subject to a maximum of 25% of scheduled values at time of the policy's inception. This pro-rata clause shall not apply if the policy is cancelled in its entirety due to the sale of all the covered location(s).
- d. For Locations "Exposed to Hurricanes", if added (or coverage increased at an existing location which is "Exposed to Hurricanes") during the term of the Policy and coverage exists at any time during the period of June 1st to November 1st, the premium will be calculated at 100% of the annual rate, less the Unearned Factor noted in b. above. Otherwise, it shall be pro-rata.

However, subject to receipt of closing documents, this Policy allows pro-rata additional premium for Locations purchased during the policy term.

- e. Locations of like kind and quality shall be added at the account rate, subject to the Unearned Factor noted in b. above. Locations of differing kind or quality or locations in Dade, Broward or Palm Beach counties of Florida must be approved by AmRisc prior to attachment.
- f. If a Location is "Exposed to Hurricanes", the provisions of this clause replace any short rate provisions stipulated in this Policy, all subject to the Minimum Earned Premium provisions.
- g. "Exposed to Hurricanes" is defined to include any Location within 100 miles of the closest salt water of the Atlantic Ocean or the Gulf of Mexico.
- h. Coverage cannot be increased nor additional Locations added if they are "Exposed to Hurricanes" and a Named Storm is in existence, unless with the express written consent of AmRisc.
- i. Nothing herein will act to provide coverage outside the automatic acquisition clause elsewhere in the Policy.
- j. Non-payment of premium, material misstatement or non-compliance with underwriting requirements shall be considered a request by the insured to cancel the Policy.
- k. Proof of mailing will be sufficient proof of notice of cancellation.

## **2. Additional Exclusions**

### **A. Nuclear, Biological, Chemical, and Radiological Exclusion**

- a. The Companies will not pay for any loss, damage, cost or expense, whether real or alleged, that is caused, results from, is exacerbated by or otherwise impacted by, either directly or indirectly, any of the following:
  - 1) Nuclear Hazard -- including, but not limited to, nuclear reaction, nuclear detonation, nuclear radiation, radioactive contamination and all agents, materials, products or substances, whether engineered or naturally occurring, involved therein or released thereby;
  - 2) Biological Hazard -- including, but not limited to, any biological and/or poisonous or Pathogenic agent, material, product or substance, whether engineered or naturally occurring, that induces or is capable of inducing physical distress, illness, or disease;



3) Chemical Hazard – including, but not limited to, any chemical agent, material, product or substance;

4) Radioactive Hazard – including, but not limited to, any electromagnetic, optical, or ionizing radiation or energy, including all generators and emitters thereof, whether engineered or naturally occurring.

b. The provisions of subparagraphs a.2) and a.3) will not apply where the agent, material, product or substance at issue is utilized in the course of business by an Insured.

c. Only if and to the extent required by state law, the following exception to the exclusions in Paragraph a. applies:

If a hazard excluded under Paragraph a. results in Fire (and provided Fire is a Covered Peril), the Companies will pay for the loss, damage, cost or expense caused by that Fire, subject to all applicable policy provisions including the Limit of Insurance on the affected Covered Property. Such coverage for Fire applies only to direct loss or damage by Fire to Covered Property. This coverage does not apply to insurance provided under Time Element, including but not limited to, Business Income, Rental Value or Extra Expense coverage or endorsements that apply to those coverages.

#### **B. Terrorism Exclusion**

**NMA2920 10/8/01 (USA date)**

Notwithstanding any provision to the contrary within this insurance or any endorsement thereto it is agreed that this insurance excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any act of terrorism regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

For the purpose of this endorsement an act of terrorism means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This endorsement also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to any act of terrorism.

If the Underwriters allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this insurance the burden of proving the contrary shall be upon the Assured.

In the event any portion of this endorsement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

#### **C. Asbestos**

**07/08**

1. We will not pay for loss, damage or remediation expenses caused by or resulting from the presence of asbestos or asbestos-containing materials. As used in this exclusion remediation expenses are expenses incurred for or in connection with the investigation, monitoring, removal, disposal, treatment, abatement or neutralization of asbestos or asbestos-containing materials to the extent required by federal, state or

local laws, regulations or statutes or any subsequent amendments thereof to address asbestos.

2. However, this Asbestos exclusion does not apply to the extent that coverage is provided under the following:

This policy insures asbestos physically incorporated in an insured building or structure, and the only part of the asbestos which has been physically damaged during the policy period by one of these Listed Perils:

FIRE; SMOKE; EXPLOSION; LIGHTNING; WINDSTORM; HAIL; DIRECT IMPACT OF VEHICLE, AIRCRAFT OR VESSEL; RIOT OR CIVIL COMMOTION; VANDALISM OR MALICIOUS MISCHIEF; ACCIDENTAL DISCHARGE OF FIRE PROTECTIVE EQUIPMENT

This coverage is subject to all limitations in the policy to which this endorsement is attached and, in addition, to each of the following specific limitations:

- a. The said building or structure must be insured under this policy for damage by this Listed Peril.
- b. The Listed Peril must be the immediate, sole cause of the damage to the asbestos.
- c. The Assured must report to Underwriters the existence and cost of the damage as soon as practicable after the Listed Peril first damaged the asbestos. However this policy does not insure any such damage first reported to Underwriters more than 12(twelve) months after the expiration, or terminations, of the policy period.
- d. Insurance under this policy in respect of asbestos shall not include any sum relating to:
  - (1) any faults in the design, manufacture or installation of the asbestos
  - (2) asbestos not physically damaged by the Listed Peril including any governmental or regulatory authority direction or request of whatsoever nature relating to undamaged asbestos.

#### **D. Electronic Data & Media Exclusion**

Damage or consequential loss directly or indirectly caused by, consisting of, or arising out of:

- a. Any functioning or malfunctioning of the internet or similar facility, or of any intranet or private network or similar facility,
- b. Any corruption, destruction, distortion, erasure, "computer virus", or any other loss or damage to data, media, software, or any kind or programming or instruction set,
- c. Loss of use or functionality, whether partial or entire, of data, media, coding, program, software, any computer or computer system or other device dependent upon any microchip or embedded logic, and any ensuing inability or failure of the Insured to conduct business, as a result thereof.

"Computer Virus" means a set of corrupting, harmful or otherwise unauthorized instructions or code including a set of maliciously introduced unauthorized instructions or code, programmatic or otherwise, that propagate themselves through a computer system or

network of whatsoever nature. "Computer Virus" includes, but is not limited to, "Trojan Horses," "worms" and "time or logic bombs".

However, in the event that a "Defined Cause of Loss" (as defined under Definitions below) results from any of the matters described in paragraphs a. – c. above, this Policy, subject to all its terms, conditions and exclusions, will cover physical damage occurring during the policy period to property insured by this Policy directly caused by such Defined Cause of Loss.

#### **E. Electronic Data Processing Media Valuation**

Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:

Should electronic data processing media insured by this Policy suffer physical loss or damage insured by this Policy, then the basis of valuation shall be the cost of the blank media plus the costs of copying the "Electronic Data" from back-up or from originals of a previous generation. These costs will not include research and engineering nor any costs of recreating, gathering or assembling such "Electronic Data". If the media is not repaired, replaced or restored the basis of valuation shall be the cost of the blank media. However this Policy does not insure any amount pertaining to the value of such "Electronic Data" to the Assured or any other party, even if such "Electronic Data" cannot be recreated, gathered or assembled.

#### **F. Electronic Date Recognition Exclusion (EDRE) NMA 2802 12/17/1997 (USA date)**

This policy does not cover any loss, damage, cost, claim or expense, whether preventative, remedial or otherwise, directly or indirectly arising out of or relating to:

1. the calculations, comparison, differentiation, sequencing or processing of data involving the date change to the year 2000, or any other date change, including leap year calculations, by any computer system, hardware, program or software and/or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the Insured or not; or
2. any change, alteration or modification involving the date change to the year 2000, or any other date change, including leap year calculations, to any such computer system, hardware, program or software and/or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the Insured or not.

This clause applies regardless of any other cause or event that contributes concurrently or in any sequence to the loss, damage, cost, claim or expense.

#### **G. Air/Land/Water Exclusions**

This Policy does not insure:

1. Air, land, land values, and any substance in or on land, or any alteration to the natural condition of the land.
2. Water, except water which is normally contained within any tank, piping system or other process equipment.

**H. Seepage And/Or Pollution And/Or Contamination Exclusion**  
**NMA2340 11/24/1988 (USA date)**

Notwithstanding any provision to the contrary within the Policy of which this Endorsement forms part (or within any other Endorsement which forms part of this Policy), this Policy does not insure:

- (a) any loss, damage, cost or expense, or
- (b) any increase in insured loss, damage, cost or expense, or
- (c) any loss, damage, cost, expense, fine or penalty, which is incurred, sustained or imposed by order, direction, instruction or request of, or by any agreement with, any court, government agency or any public, civil or military authority, or threat thereof, (and whether or not as a result of public or private litigation).

Which arises from any kind of seepage or any kind of pollution and/or contamination, or threat thereof, whether or not caused by or resulting from a peril insured, or from steps or measures taken in connection with the avoidance, prevention, abatement, mitigation, remediation, clean-up or removal of such seepage or pollution and/or contamination or threat thereof.

The term "any kind of seepage or any kind of pollution and/or contamination" as used in this Endorsement includes (but is not limited to):

- (a) seepage of, or pollution and/or contamination by, anything, including but not limited to, any material designated as a "hazardous substance" by the United States Environmental Protection Agency or as a "hazardous material" by the United States Department of Transportation, or defined as a "toxic substance" by the Canadian Environmental Protection Act for the purposes of Part II of that Act, or any substance designated or defined as toxic, dangerous, hazardous or deleterious to persons or the environment under any other Federal, State, Provincial, Municipal or other law, ordinance or regulation; and
- (b) the presence, existence, or release of anything which endangers or threatens to endanger the health, safety or welfare of persons or the environment.

**I. Limited Pollutant Clean Up and Removal**  
**08/07**

Subject to the absolute Seepage/Pollution/Contamination Exclusion stated in this endorsement, this policy shall provide Pollutant Clean Up and Removal, if such extension is provided elsewhere in this policy.

**J. Fungus, Mold(s), Mildew, Spores or Yeast Exclusion**

Loss or damage in the form of, caused by, arising out of, contributed to, or resulting from Fungus, Mold(s), Mildew, Spores or Yeast; or any spores or toxins created or produced by or emanating from such Fungus, Mold(s), Mildew, Spores or Yeast.

However, this exclusion shall not apply provided the Insured establishes that the fungus, mold(s), mildew, spores or yeast is a direct result of a covered loss from a Defined Cause of Loss or Flood (provided Flood is a covered peril) and provided this loss is reported to the Companies within twelve (12) months from the expiration date of the policy. The Companies' liability shall then be limited to \$500,000 as respects Fire or Lightning and \$15,000 as respects to any other Defined Cause of Loss or Flood (if covered).



**K. Exclusion Of Loss Due To Virus Or Bacteria**  
**AR 01 40 07 - amended**

- a. The exclusion set forth in subparagraph b. below, applies to all coverage under all forms and endorsements that comprise this Policy, including but not limited to forms or endorsements that cover property damage to buildings or personal property and forms or endorsements that cover business income extra expense or action of civil authority.
- b. The Companies will not pay for loss or damage caused by or resulting from any virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease.

However, this exclusion does not apply to loss or damage caused by or resulting from fungus, mold(s), mildew, spores or yeast. Such loss or damage is addressed in a separate exclusion in this Policy.

- c. With respect to any loss or damage subject to the exclusion in subparagraph b. above, such exclusion supersedes any exclusion relating to pollutants or contaminants.
- d. The terms of the exclusion in subparagraph b. above, or the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise be excluded by this Policy.

**L. Below Grade Property Exclusion**

This policy does not insure against loss or damage to any property located in a basement or any similar enclosed space with its building floor(s) located below ground level on any side, regardless of any other cause or event contributing concurrently or in any other sequence thereto, when such loss or damage is caused by or results from:

- 1. A general and temporary condition of partial or complete inundation of normally dry land areas from:
  - (a) the overflow of inland or tidal waters;
  - (b) the unusual and rapid accumulation or runoff of surface waters from any source;
  - (c) mudslide or mud flow caused by accumulation of water on or under the ground;
  - (d) the release of water impounded by a dam.
- 2. water that backs up or flows from a sewer, drain or sump;
- 3. water above or under the ground surface exerting pressure on, or flowing or seeping through:
  - (a) pavements, foundations, walls, floors, roofs or ceilings;
  - (b) basements, whether floored or not; or
  - (c) doors, windows or other openings.

This Exclusion shall not apply to loss or damage caused by the peril of Fire (if a covered peril), when the same results from any of the events described in sections 1, 2 or 3, above.

This Exclusion shall continue to apply to any Flood Endorsement or Difference In Conditions Form attached to this policy.

**M. Pre-existing Damage Provision**  
**AR PED 03 06**

This policy shall exclude any loss or damage directly or indirectly caused by, resulting from or contributed to by any pre-existing building damage at the time of this Certificate's or policy's inception. This exclusion shall be removed upon substantial completion of repair or reconstruction of the damaged building.

**N. Failure of Levees, Dams, Dikes, Floodgates Exclusion**

This policy does not insure against any loss or damage due to damage, destruction or overflowing of levees, dams, dikes, floodgates and other similar works, regardless of any other cause or event contributing concurrently or in any other sequence to the loss or damage.

This exclusion shall not apply if the peril of Flood is covered by this policy.

**O. Named Storm Restriction**

This policy shall exclude all damage directly or indirectly caused by a "Named Storm" that is in existence at the time that written request to bind is given to AmRisc, until coverage for such "Named Storm" has been bound by written agreement between AmRisc and the First Named Insured. In addition, no increase in limits or additional coverages will be provided for any Insured Location(s) threatened by such "Named Storm", until coverage for such "Named Storm" has been bound by written agreement between AmRisc and the First Named Insured.

**P. Marijuana and Schedule 1 Controlled Substance Exclusion**

This policy does not insure against any loss or damage to any Property, including related Expenses and Business Income, as respects Property involving Marijuana or Schedule 1 Controlled Substances.

**3. Definitions**

**A. Actual Cash Value**  
**IL 01 66 07 02**

The following is added to any provision which uses the term actual cash value:

Actual cash value is calculated as the amount it would cost to repair or replace Covered Property, at the time of loss or damage, with material of like kind and quality, subject to a deduction for deterioration, depreciation and obsolescence. Actual cash value applies to valuation of Covered Property regardless of whether that property has sustained partial or total loss or damage.

The actual cash value of the lost or damaged property may be significantly less than its replacement cost.

**B. Building**

Building is defined as a fully enclosed permanent structure with walls and a continuous roof.

**C. Defined Cause of Loss**

Means Fire, Lightning, Explosion, Windstorm or Hall, Smoke, Aircraft or Vehicle Impact, Riot, Strike or Civil Commotion, Vandalism and Malicious Mischief, or Leakage from Fire Protection Equipment.

**D. Electronic Data and Media**

Means data, messages, information, coding, programs, instructions or any other software stored on electronic, electromechanical, electromagnetic data processing or electronically controlled production equipment and distributed by means of a computer network or is produced in a format for use with a computer.

**E. Exterior Insulation and Finish Systems (EIFS)**

EIFS means a non-load bearing, exterior wall cladding system that consists of an expanded foam insulation board attached either adhesively or mechanically, or both, to a substrate; an integrally reinforced base coat; and a textured protective finish coat.

**F. Fungus, Mold(s), Mildew, Spores or Yeast:**

Fungus includes, but is not limited to, any of the plants or organisms belonging to the major group fungi, lacking chlorophyll, and including mold(s), rusts, mildews, smuts and mushrooms.

Mold includes, but is not limited to, any superficial growth produced on damp or decaying organic matter or on living organisms, and fungi that produce mold(s).

Spore means any dormant or reproductive body produced by or arising or emanating out of any fungus, mold(s), mildew, plants, organisms or microorganisms.

**G. Hurricane**

A hurricane is a storm system that has been declared to be a hurricane by the National Hurricane Center of the National Weather Service.

**H. Location**

Location means the location as specified in the Statement of Values on file with AmRisc, but if not so specified, location means any building, yard, dock, wharf, pier or bulkhead or any group of the foregoing bounded on all sides by public streets, clear land space or open waterways, each not less than two hundred feet wide. Any bridge or tunnel crossing such street, space or waterway shall render such separation inoperative for the purpose of this definition.

**I. Named Storm**

The term "Named Storm" shall include, but not be limited to, storm, cyclone, typhoon, atmospheric disturbance, depression or other weather phenomena designated by the US National Hurricane Center and where a name (and not only a number) has been applied.

**J. Pollutants or Contaminants**

Means any solid, liquid, gaseous or thermal irritant or contaminant, including smog, smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste, which after its release can cause or threaten damage to human health or human welfare or causes or threatens damage, deterioration, loss of value, marketability or loss of use to property insured hereunder, including, but not limited to, bacteria, virus, or hazardous substances as listed in the Federal Water Pollution Control Act, Clean Air Act, Resource Conservation and Recovery Act of 1976, and Toxic Substances Control Act or as designated by the U. S. Environmental Protection Agency. Waste includes materials to be recycled, reconditioned or reclaimed.

**K. Warranty**

- a. "Warranty" means any provision of an insurance contract which has the effect of requiring, as a condition precedent of the taking effect of such contract or as a condition precedent of the insurer's liability hereunder, the existence of fact which tends to diminish, or the non-existence of a fact which tends to increase, the risk of the occurrence of loss, damage, or injury within the coverage of the contract.
- b. A breach of warranty shall not void an insurance contract or defeat recovery hereunder unless such breach materially increases the risk of loss, damage or injury within the coverage of the contract. If the insurance contract specified two or more distinct kinds of loss, damage or injury which are within its coverage, a breach of warranty shall not void such contract or defeat recovery hereunder with respect to any kind of loss, damage or injury other than the kind or kinds to which such warranty relates and the risk of which is materially increased by the breach of such warranty.

All other terms and conditions remain unchanged.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **AmRISC CAT COVERED PROPERTY ENDORSEMENT**

This endorsement modifies insurance provided by all Underwriters, Carriers and Insurers of this policy (subject to the Contract Allocation Endorsement AR CA) under the following forms (if attached to this policy):

BUILDING AND PERSONAL PROPERTY COVERAGE FORM  
CONDOMINIUM ASSOCIATION COVERAGE FORM  
BUILDERS RISK COVERAGE FORM  
CAUSES OF LOSS - SPECIAL FORM  
STANDARD PROPERTY POLICY

As used in this endorsement, the word "peril" is synonymous with "cause of loss"; and the term "limit of liability" is synonymous with "limit of insurance".

As respects the Perils of Hurricane, Windstorm and Hail, the following is added to A.2 Property Not Covered in the BUILDING AND PERSONAL PROPERTY COVERAGE FORM CP 00 10, CONDOMINIUM ASSOCIATION COVERAGE FORM CP 00 17, BUILDERS RISK COVERAGE FORM CP 00 20 and STANDARD PROPERTY POLICY CP 00 99:

### **PROPERTY NOT COVERED**

#### **I. We do not cover:**

##### **a. Other structures**

We do not cover other structures on the Described Location set apart from the building by clear space. This includes structures connected to the building or mobile home by only a fence, utility line or similar connection.

- b. Animals, birds, or fish, unless owned by others and boarded by you, or if owned by you, only as "stock" while inside a building described on the Declarations;**
- c. Accounts, bank notes, bills, bullion, coins, currency, deeds, evidences of debt; letters of credit, tickets and stamps, manuscripts, medals, money, notes, bank notes, passports, personal records, or securities;**
- d. Articles of gold, gold ware; gold-plated ware, silverware, silver-plated ware, platinum; or platinum ware, platinum-plated ware, pewter, pewter ware; or pewter-plated ware. This includes flatware, hollowware, tea sets, trays and trophies made of or including silver, gold, pewter or platinum.**
- e. Aircraft and parts. Aircraft means any contrivance used or designed for flight, except model or hobby aircraft not used or designed to carry people or cargo; or if owned by you, only as "stock" while inside a building described in the Declarations.**
- f. Motor vehicles or all other motorized land conveyances; trailers on wheels. This includes:**
  - (1) Their equipment and accessories; or**
  - (2) Electronic apparatus that is designed to be operated solely by use of the power from the electrical system of motor vehicles or all other motorized land conveyances.**

Electronic apparatus includes:

    - (a) Accessories or antennas; or**



- (b) Tapes, wires, records, discs or other media for use with any electronic apparatus described in this item f.

The exclusion of property described in f.(1) and f.(2) above, applies only while the property is in or upon the vehicle or conveyance.

We do cover vehicles or conveyances, other than autos or vehicles you hold for sale, not subject to motor vehicle registration contained within an enclosed structure on the Described Location which are:

- (a) contained within an enclosed structure; and
- (b) used to service an "insured" location; or
- (c) designed for assisting the handicapped; and
- (d) are self-propelled machines; and
- (e) are not autos or vehicles you hold for sale.

- g. Watercraft and their furnishings, other than rowboats and canoes out of water at the Location described in the Declarations, unless:

- (1) owned by you only as "stock" when removed from, out of, or not over water; and
- (2) located in or within 100 feet of the building described in the Declarations.

- h. Data, including data stored in:

- (1) Books of account, card index systems, drawings or other paper records; or
- (2) Electronic data processing tapes, wires, records, drums, cells, discs, magnetic recording, storage or other software media.

However, we do cover up to \$1,000 under item h.(2) the cost of blank or unexposed recording or storage media and of prerecorded computer programs available in the market. This limit does not increase the Coverage B contents Limit of Liability.

If the Electronic Data Processing endorsement EDP-1 is attached to this policy, this exclusion does not apply to the extent that coverage is provided under such endorsement.

- i. Credit cards or fund transfer cards;
- j. Business personal property while airborne, waterborne or in transit;
- k. Pilings, piers, wharves, retaining walls, seawalls, bulkheads, beach or diving platforms or appurtenances, docks or boathouses;
- l. Trees, shrubs, plants, flowers, lawns, tee boxes, fairways, greens, landscaping, bunkers or sand traps, or artificial turf;
- m. Windmills, wind pumps or their towers, or smokestacks;
- n. Awnings, canopies or other roof like projection or covering, whether fabric or not, whether permanent or retractable;
- o. Steeples and fountains;
- p. Grain, hay, straw and other crops, crop silos or their contents;
- q. Bridges, boardwalks, trestles, catwalks, bleachers, dune walks, ramps, roadways, walks, decks, and patios and similar structures, or other paved or graveled surfaces, whether or not attached to the building;
- r. Amusement equipment;

- s. Fabric windscreens on fences;
- t. Any structure or attachment, whether attached or separate from the covered building, where that structure's roof coverings are of fabric, thatch, lattice, or slats and similar material; or where that structure's exterior wall coverings are of fabric, thatch, lattice, or slats and similar material, and personal property within or on these structures;
- u. Slat houses, chickees, niki huts, gazebos and pergolas or similar structures and personal property contained within or on these structures;
- v. Signs, scoreboards, radio or television antennas or aerials, satellite dishes (including lead-in wiring, masts or towers and their supports), fences, gates, fountains, statues, monuments, utility poles (including light fixtures), light poles, traffic lights and traffic signals.

However, we do cover solar paneling and other similar water heating or electrical apparatus when:

- (1) outside the building (including lead-in pipes, wiring, masts or towers and their supports), and
- (2) permanently installed, and
- (3) located on the described location, and
- (4) used for the service of the covered property.

- w. Land, including land on which the other structures are located.
2. We do cover the following property if, and only if, it is described as separate and specific items in the Declarations and a Limit of Liability is shown in the Declarations for each of such items:
- a. Any structure, whether attached or separate from the covered building, where that structure's roof covering is of screen;
  - b. Signs, scoreboards, light poles, fences, gates, fountains, statues, monuments, artificial turf, bleachers, property walls and similar structures separating parcels of land;
  - c. Greenhouses, glasshouses, hothouses, open-sided sheds, carports, cabanas, gazebos, swimming pools, jacuzzis, hot tubs/spas, or similar structures, including their decking, but not:
    - (1) business personal property or contents contained within or on these structures, or
    - (2) when these structures are comprised of fabric, thatch, lattice, slats or similar material.
  - d. Enclosed garages, enclosed tool sheds, enclosed sheds, enclosed pump houses, enclosed boiler sheds, enclosed pool houses, enclosed air conditioning sheds, enclosed guardhouses, enclosed workshops, enclosed maintenance sheds, and the business personal property or contents contained within or on the structures;
  - e. Any structure, including the contents and business personal property contained within or on the structure, that is located in whole or in part over water;
  - f. Mobile homes, temporary buildings, portable buildings, travel trailers and similar structures or conveyances, (including business personal property contained in or on or pertaining to these structures or conveyances).
  - g. However, we do not cover business personal property or contents of any structure or other property regardless of whether it is described as separate and specific item(s) in the Declarations and a Limit of Liability is shown in the Declarations, when:
    - (1) Such structure is comprised of fabric, thatch, lattice, slats or similar material; or
    - (2) Not covered as explained in other sections of this policy.
  - h. Self-supported, stand alone canopies.

#### LIMIT

As respects property covered by this Endorsement, the Company's Limit of Liability shall be limited to the values reported; however, in no event to exceed \$100,000 per Occurrence as respects all property combined.



## DEDUCTIBLE

As respects property covered by this Endorsement, the Deductible shall be equal to 10% of the total insurable values of the property covered by this endorsement, subject to a minimum deductible of \$100,000 per Occurrence.

This deductible shall be a separate deductible from any other deductible stated elsewhere in the policy, but only the largest minimum deductible shall apply.

## DEFINITIONS

As used in this endorsement these words have the following meaning:

1. "Windstorm" means wind, wind gusts, tornadoes or cyclones which result in direct physical loss or damage to property.
2. "Hurricane" means:
  - a. Coverage for loss or damage caused by the peril of windstorm during a hurricane.
  - b. "Windstorm" for the purposes of subparagraph a. means wind, wind gusts, hail, rain, or tornadoes or cyclones caused by or resulting from a hurricane which results in direct physical loss or damage to property.
  - c. "Hurricane" for the purposes of subparagraphs a. and b. means a storm system that has been declared to be a hurricane by the National Hurricane Center of the National Weather Service. The duration of the hurricane includes the time period, in the state of the insured location:
    - (1) Beginning at the time of a hurricane watch or warning is issued by the National Hurricane Center of the National Weather Service;
    - (2) Continuing for the time period during which the hurricane conditions exist; and
    - (3) Ending 72 hours following the termination of the last hurricane watch or hurricane warning issued by the National Hurricane Center of the National Weather Service.

All other terms and conditions remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## **LLOYD'S OF LONDON AMENDATORY**

WITH RESPECT TO THE COVERAGE PROVIDED BY **CERTAIN UNDERWRITERS AT LLOYD'S, LONDON**, THE FOLLOWING CLAUSES (SERVICE OF SUIT and APPLICABLE LAW) SHALL APPLY:

### **Service of Suit Clause (U.S.A.) NMA 1998 4/24/86 (USA date)**

It is agreed that in the event of the failure of the Underwriters hereon to pay any amount claimed to be due hereunder, the Underwriters hereon, at the request of the Insured (or Reinsured), will submit to the jurisdiction of a Court of competent jurisdiction within the United States. Nothing in this Clause constitutes or should be understood to constitute a waiver of Underwriters' rights to commence an action in any Court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another Court as permitted by the laws of the United States or of any State in the United States. It is further agreed that service of process in such suit may be made upon

**1. California Insureds:**

Foley & Lardner, LLP  
555 California Street, Suite 1700  
San Francisco, CA 94104-1520  
USA

**2. All other Insureds:**

Mendes and Mount  
750 Seventh Avenue  
New York, NY 10019-6829;  
USA

and that in any suit instituted against any one of them upon this contract, Underwriters will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

The above-named are authorized and directed to accept service of process on behalf of Underwriters in any such suit and/or upon the request of the Insured (or Reinsured) to have a written undertaking to the Insured (or Reinsured) that they will enter a general appearance upon Underwriters' behalf in the event such a suit shall be instituted.

Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefor, Underwriters hereon hereby designate the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his successor or successors in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Insured (or Reinsured) or any beneficiary hereunder arising out of this contract of insurance (or reinsurance), and hereby designate the above-named person to whom the said officer is authorized to mail such process or a true copy thereof.

### **APPLICABLE LAW (U.S.A.) LMA5021 9/14/2005 (USA date)**

This insurance shall be subject to the applicable state law to be determined by the court of competent jurisdiction as determined by the provisions of the Service of Suit Clause (USA).

## NOTICE TO POLICYHOLDERS

### FRAUD NOTICE

<b>Arkansas</b>	Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.
<b>Colorado</b>	It is unlawful to knowingly provide false, incomplete, or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance, and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claimant with regard to a settlement or award payable for insurance proceeds shall be reported to the Colorado Division of Insurance within the Department of Regulatory Agencies.
<b>District of Columbia</b>	<b>WARNING:</b> It is a crime to provide false or misleading information to an insurer for the purpose of defrauding the insurer or any other person. Penalties include imprisonment and/or fines. In addition, an insurer may deny insurance benefits if false information materially related to a claim was provided by the applicant.
<b>Florida</b>	Any person who knowingly and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete, or misleading information is guilty of a felony of the third degree.
<b>Kansas</b>	A "fraudulent insurance act" means an act committed by any person who, knowingly and with intent to defraud, presents, causes to be presented or prepares with knowledge or belief that it will be presented to or by an insurer, purported insurer, broker or any agent thereof, any written, electronic, electronic impulse, facsimile, magnetic, oral, or telephonic communication or statement as part of, or in support of, an application for the issuance of, or the rating of an insurance policy for personal or commercial insurance, or a claim for payment or other benefit pursuant to an insurance policy for commercial or personal insurance which such person knows to contain materially false information concerning any fact material thereto; or conceals, for the purpose of misleading, information concerning any fact material thereto.
<b>Kentucky</b>	Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any materially false information or conceals, for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime.
<b>Louisiana</b>	Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.
<b>Maine</b>	It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties may include imprisonment, fines, or denial of insurance benefits.
<b>Maryland</b>	Any person who knowingly or willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly or willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.
<b>New Jersey</b>	Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties.
<b>New Mexico</b>	ANY PERSON WHO KNOWINGLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OR BENEFIT OR KNOWINGLY PRESENTS FALSE INFORMATION IN AN APPLICATION FOR INSURANCE IS GUILTY OF A CRIME AND MAY BE SUBJECT TO CIVIL FINES AND CRIMINAL PENALTIES.



## NOTICE TO POLICYHOLDERS

New York	<p><b>General: All applications for commercial insurance, other than automobile insurance:</b> Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation.</p> <p><b>All applications for automobile insurance and all claim forms:</b> Any person who knowingly makes or knowingly assists, abets, solicits or conspires with another to make a false report of the theft, destruction, damage or conversion of any motor vehicle to a law enforcement agency, the department of motor vehicles or an insurance company, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the value of the subject motor vehicle or stated claim for each violation.</p> <p><b>Fire:</b> Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime.</p> <p>The proposed insured affirms that the foregoing information is true and agrees that these applications shall constitute a part of any policy issued whether attached or not and that any willful concealment or misrepresentation of a material fact or circumstances shall be grounds to rescind the insurance policy.</p>
Ohio	Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud.
Oklahoma	<b>WARNING:</b> Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony.
Pennsylvania	<p><b>All Commercial Insurance, Except As Provided for Automobile Insurance:</b> Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.</p> <p><b>Automobile Insurance:</b> Any person who knowingly and with intent to injure or defraud any insurer files an application or claim containing any false, incomplete or misleading information shall, upon conviction, be subject to imprisonment for up to seven years and the payment of a fine of up to \$15,000.</p>
Puerto Rico	Any person who knowingly and with the intention of defrauding presents false information in an insurance application, or presents, helps, or causes the presentation of a fraudulent claim for the payment of a loss or any other benefit, or presents more than one claim for the same damage or loss, shall incur a felony and, upon conviction, shall be sanctioned for each violation by a fine of not less than five thousand dollars (\$5,000) and not more than ten thousand dollars (\$10,000), or a fixed term of imprisonment for three (3) years, or both penalties. Should aggravating circumstances [be] present, the penalty thus established may be increased to a maximum of five (5) years, If extenuating circumstances are present, it may be reduced to a minimum of two (2) years.

## NOTICE TO POLICYHOLDERS

<b>Rhode Island</b>	Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.
<b>Tennessee</b>	<p><b>All Commercial Insurance, Except As Provided for Workers' Compensation</b> It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.</p> <p><b>Workers' Compensation:</b> It is a crime to knowingly provide false, incomplete or misleading information to any party to a workers' compensation transaction for the purpose of committing fraud. Penalties include imprisonment, fines and denial of insurance benefits.</p>
<b>Utah</b>	<b>Workers' Compensation:</b> Any person who knowingly presents false or fraudulent underwriting information, files or causes to be filed a false or fraudulent claim for disability compensation or medical benefits, or submits a false or fraudulent report or billing for health care fees or other professional services is guilty of a crime and may be subject to fines and confinement in state prison.
<b>Virginia</b>	It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.
<b>Washington</b>	It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.
<b>West Virginia</b>	Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.
<b>All Other States</b>	Any person who knowingly and willfully presents false information in an application for insurance may be guilty of insurance fraud and subject to fines and confinement in prison. (In Oregon, the aforementioned actions may constitute a fraudulent insurance act which may be a crime and may subject the person to penalties).

## **OFAC Notice and Sanction Limitation Clauses**

### **Office of Foreign Assets Control ("OFAC") Regulations**

#### **Advisory notice to policyholders regarding the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") regulations**

No coverage is provided by this policyholder notice nor can it be construed to replace any provisions of your policy. You should read your policy and review your declarations page for complete information on the coverages you are provided.

This notice provides information concerning possible impact on your insurance coverage due to directives issued by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC").

**Please read this Notice carefully.**

OFAC administers and enforces sanctions policy based on Presidential declarations of "national emergency". OFAC has identified and listed numerous:

- \* Foreign agents;
- \* Front organizations;
- \* Terrorists;
- \* Terrorist organizations; and
- \* Narcotics traffickers;

as "Specially Designated Nationals and Blocked Persons." This list can be located on the United States Treasury's web site – <http://www.treasury.gov/about/organizational-structure/offices/Pages/Office-of-Foreign-Assets-Control.aspx>.

In accordance with OFAC regulations, if it is determined that you or any other insured, or any person or entity claiming the benefits of this insurance has violated U.S. sanctions law or is a Specially Designated National and Blocked Person, as identified by OFAC, this insurance will be considered a blocked or frozen contract and all provisions of this insurance are immediately subject to OFAC restrictions. When an insurance policy is considered to be such a blocked or frozen contract, no payments or premium refunds may be made without authorization from OFAC. Other limitations on premiums and payments also apply.

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U-GU-1041-A (3/11)

### **Sanction Limitation and Exclusion Clause**

No (re)insurer shall be deemed to provide cover and no (re)insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that (re)insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

LMA3100 9/15/2010 (USA date)

### Calendar Year Named Storm Deductible

The Named Storm Wind/Hail Deductible, as described elsewhere in this policy, will apply anew in each calendar year. If the policy period does not coincide with the calendar year, then a separate Named Storm Wind/Hail Deductible will apply to loss or damage that occurs during each calendar year in which the policy is in force. For example, if the policy period is from July 1 of calendar year 1 to June 30 of calendar year 2, a separate Named Storm Wind/Hail Deductible applies to loss or damage occurring from July 1 to December 31 of calendar year 1 and to loss or damage occurring from January 1 to June 30 of calendar year 2.

When a Named Storm results in loss or damage that exhausts the Named Storm Wind/Hail Deductible, then that Named Storm Wind/Hail Deductible will not apply to loss or damage from a subsequent Named Storm in the same calendar year. In such case, the Deductible that applies to loss or damage from each subsequent Named Storm in that calendar year shall be the "All Other Wind/Hail" Deductible.

When a Named Storm results in loss or damage that does not exhaust the Named Storm Wind/Hail Deductible, then the Named Storm Wind/Hail Deductible applicable to a subsequent Named Storm in the same calendar year shall be the greater of:

- a) the All Other Wind/Hail Deductible; or
- b) the remaining amount of the Named Storm Wind/Hail Deductible. In this situation, the remaining amount of the Named Storm Wind/Hail Deductible is determined by subtracting the amount(s) of the aforementioned loss or damage from the Named Storm Wind/Hail Deductible.

All other terms and conditions remain unchanged.



**AmRISC ONLINE PROPERTY ENHANCEMENT ENDORSEMENT**

This endorsement modifies insurance provided under the following forms (if attached to this policy):

Building and Personal Property Coverage Form  
 Condominium Association Coverage Form  
 Standard Property Policy  
 Business Income Coverage Forms  
 Causes of Loss -- Special Form

The following is a summary of additional coverages provided by this endorsement. These additional coverages are further defined elsewhere in this endorsement. This endorsement is subject to the provisions of your policy. The limits are Per Occurrence (unless noted otherwise) and are included in the limits of insurance provided by your policy and are not additional limits.

<u>Coverage</u>	<u>Limit of Liability</u>
1.a) Fire Department Service Charge	\$ 5,000
1.b) Pollutant Clean-Up and Removal	\$ 25,000
2.a) Newly Acquired Buildings -- 60 days	\$500,000
Newly Acquired Personal Property -- 60 days	\$250,000
2.b) Personal Effects	\$ 10,000
Sublimit Per Person	\$ 5,000
Property of Others	\$ 25,000
2.c) Valuable Papers & Records	\$250,000
2.d) Property Off-Premises	\$100,000
2.e) Outdoor Property	\$ 50,000
Except trees, shrubs, lawns or plants	\$ 10,000
Except any one tree, shrub or plant	\$ 250
2.f) Accounts Receivable	\$250,000
2.g) Fire Extinguisher Recharge	\$ 2,500
2.h) Lock Replacement	\$ 2,500
2.i) Reward Reimbursement	\$ 5,000
2.j) Inventory and Appraisals of Loss	\$ 2,500
2.k) Pilings, Piers, Wharves or Docks	\$ 10,000
2.l) Fine Arts	\$ 10,000
3. Signs	\$ 20,000
5.a) Property in Transit	\$100,000
5.c) Off Premises Power Failure	\$ 50,000
5.d) Backup of Sewers and Drains	\$ 25,000

The Provisions under items 1, 2 and 3 below apply to the following Coverage Forms:

Building and Personal Property Coverage Form  
Condominium Association Coverage Form  
Standard Property Policy

1. Section A, Coverage, Paragraph 4, Additional Coverages is amended as follows:

a) Subparagraph c. with respect to Fire Department Service Charge is amended as follows:

The most we will pay under this additional coverage is See Page 1.

b) Subparagraph d. with respect to Pollutant Clean Up and Removal is amended as follows:

The most we will pay under this additional coverage is See Page 1 at each described premises.

2. Section A, Coverage, Paragraph 5, Coverage Extensions is amended as follows:

a) Subparagraph a. (1) Buildings:

The most we will pay under this additional coverage is See Page 1 at each described premises.

Subparagraph a. (2) Business Personal Property:

The most we will pay under this additional coverage is See Page 1 at each described premises.

Subparagraph a. (3) (b) with respect to Newly Acquired or Constructed Property:

60 days in lieu of 30 days

b) Subparagraph b. with respect to Personal Effects and Property of Others is replaced by:

b. Personal Effects and Property of Others

You may extend the insurance that applies to your Business Personal Property to apply to:

(1) Personal effects owned by you, your officers, your partners or members, your managers or your employees. This extension does not apply to loss or damage by theft.

The most we will pay for loss or damage under b. (1) of this extension is See Page 1 per person and See Page 1 at each described premise.

(2) Personal Property of Others in your care, custody or control.

The most we will pay under b. (2) of this extension is See Page 1 at each described premises. Our payment for loss or damage to personal property of others under this extension will only be for the account of the owner of the property.

c) Subparagraph c. with respect to Valuable Papers and Records is amended as follows:

The most we will pay under this extension is See Page 1 at each described premise.

d) Subparagraph d. with respect to Property Off-Premises is amended as follows:

The most we will pay for loss or damage under this extension is See Page 1.

e) Subparagraph e. with respect to Outdoor Property:

e. Outdoor Property

The most we will pay for loss or damage under this extension is See Page 1, except trees, shrubs, lawns and plants which is limited to See Page 1, but no more than See Page 1 for any one tree, shrub or plant.

The following coverages are added to Section A. Coverage, Paragraph 5, Coverage Extensions:

f) Subparagraph h. with respect to Accounts Receivable is added as follows:

h. Accounts Receivable

The most we will pay under this Coverage Extension is See Page 1.

(1) You may extend the insurance that applies to Your Business Personal Property to apply to your records of accounts receivable:

- (a) At a described premises or in or on a vehicle in transit between described premises; or
- (b) If the records must be removed from a described premises to protect them from the threat of a Covered Cause of Loss.

We will pay for a loss while they are:

- (1) At a safe place away from your described premises; or
- (2) Being taken to and returned from that place.

(2) The amounts due from your customers that you are unable to collect:

- (a) All amounts due from your customers that you are unable to collect;
- (b) Interest charges on any loan required to offset amounts you are unable to collect pending out payment of these amounts;
- (c) Collection expenses in excess of your normal collection expenses that are made necessary by the loss;
- (d) Other reasonable expenses that you incur to re-establish your records of accounts receivable that result from direct physical loss or damage by any Covered Causes of Loss to your records of accounts receivable, including credit or charge card slips.

(3) Accounts receivable loss payment will be determined as follows:

- (a) If you cannot accurately establish the amount of accounts receivable outstanding as of the time of loss, the following method will be used:
  - (1) Determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the loss occurs; and
  - (2) Adjust the total for any normal fluctuations in the amount of accounts receivable for the month in which the loss occurred or for any demonstrated variance from the average for that month.

(b) The following will be deducted from the total amount of accounts receivable, however that amount is established:

- (1) The amount of the accounts for which there is no loss; and
- (2) The amount of the accounts that you are able to re-establish or collect; and
- (3) An amount to allow for probable bad debts that you are normally unable to collect.

(c) You will pay us the amount of all recoveries you receive for a loss paid by us. However, any recoveries in excess of the amount we have paid belong to you.

(4) Exclusions

(a) We will not pay for a loss caused by or resulting from any of the following:

- (1) Alteration, falsification, concealment or destruction of records of accounts receivable done to conceal the wrongful giving, taking or withholding of money, securities or other property. This exclusion applies only to the extent of the wrongful giving, taking or withholding.
- (2) Bookkeeping, accounting or billing errors or omissions.

(b) We will not pay for loss that requires any audit of records or of inventory computation to prove its factual existence.

g) Subparagraph i. with respect to Fire Extinguisher Recharge is added as follows:

i. Fire Extinguisher Recharge

You may extend the insurance provided by this coverage form to cover expenses you incur to recharge portable fire extinguishers, dry chemical, carbon dioxide or liquid automatic fire extinguishing systems and the cost of resetting automatic fuel shut-off connections, if any of the above are discharged to fight a fire or are discharged due to a mechanical malfunction.

The most we will pay for loss or damage under this extension is See Page 1. No deductible shall apply to this coverage.

h) Subparagraph j. with respect to Lock Replacement is added as follows:

j. Lock Replacement

You may extend the insurance provided by this coverage form to cover necessary expense to repair or replace exterior or interior door locks of a covered building:

- a) If your door keys are stolen in a covered theft loss; or
- b) When your property is damaged and your door keys are stolen by burglars.

The most we will pay under this extension is See Page 1 for any one occurrence. No deductible shall apply to this coverage.

i) Subparagraph k. with respect to Reward Reimbursement is added as follows:

k. Reward Reimbursement

You may extend the insurance provided by this coverage form to provide a reward for information that leads to a criminal conviction in connection with loss or damage to covered property by a Covered Cause of Loss.

The most we will pay for loss or damage under this extension is See Page 1 regardless of the number of persons involved providing information.

- j.) Subparagraph l. with respect to Inventory and Appraisals is added as follows:

l. Inventory and Appraisals

You may extend the insurance provided by this coverage form to cover your expenses to record information, compile inventories, or obtain appraisals we require to comply with the loss conditions of this coverage form.

The most we will pay for loss or damage under this extension is See Page 1 for any one loss to covered property caused by a Covered Cause of Loss.

- k.) Subparagraph m. is added with respects to Pilings, piers, wharves or docks:

m. You may extend the insurance provided by this coverage form to cover pilings, piers, wharves or docks.

The most we will pay under this extension is See Page 1 at each described premise.

- l.) Subparagraph n. is added with respects the Fine Arts:

n. This Policy is extended to cover direct physical loss or damage to Fine Arts (as defined below). However, no coverage is provided for:

1. Breakage, marring, scratching, chipping or denting; unless such breakage, marring, scratching, chipping or denting is caused by a "Specified Cause of Loss", as defined in the ISO Causes of Loss - Special Form; or
2. Physical loss or damage as a result of restoring, repairing or retouching processes.

Fine Arts means: paintings; etchings; pictures; tapestries; rare or art glass; art glass windows; valuable rugs; statuary; sculptures; antique furniture; antique jewelry; bric-a-brac; porcelains; and similar property of rarity, historical value, or artistic merit, excluding automobiles, coins, stamps, furs, jewelry, precious stones, precious metal, watercraft, aircraft, money and securities.

If a Fine Arts article is part of a pair or set, and a physically damaged article cannot be replaced, or cannot be repaired or restored to the condition that existed immediately prior to the loss, the Companies will be liable for the lesser of the full value of such pair or set or the Agreed Value, as per the schedule on file with AmRise. The Insured will surrender the pair or set to the Companies.

The most we will pay under this extension is See Page 1 at each described premise.

Each of these extensions is additional insurance, but not additional limits. Section F, Additional Conditions, Item 1, Coinsurance, does not apply to these extensions.

3. Section C, Limits of Insurance, Paragraph 2, is amended with respect to Outdoor Signs as follows:

The most we will pay for loss or damage to outdoor signs is See Page 1 per sign in any one occurrence.

4. If you have purchased the Business Income (and Extra Expense) Coverage Form, Section A, Coverage, Paragraph 6.c.(2); or Section A.5.c.(2) of the Business Income (without Extra Expense) Coverage Form; is replaced as follows:

60 days expire after you acquire or begin to construct the property; or



5. If you have purchased the Causes of Loss -- Special Form, it is amended as follows:

a) Section F -- Additional Coverage Extensions, Item 1.c., Property in Transit is amended as follows:

The most we will pay for loss or damage under this extension is See Page 1 in any one occurrence.

b) Section B -- Exclusions, Item 1., Subparagraph e., with respect to Utility Services is deleted.

c) Section F -- Additional Coverage Extensions, is amended to add the following:

4. Off-Premises Power Failure. You may extend the insurance provided under this coverage part to pay for loss or damage to covered property that results from the failure of power or other utility service supplied to the described premises. The failure of power or other utility service must: 1) result from a Covered Cause of Loss, and 2) the failure must occur away from the described premises. This coverage extension does not apply to loss of income or extra expenses.

The most we will pay for loss or damage under this extension is See Page 1.

d) Section B -- Exclusions, Item 1., Subparagraph g.(3), with respect to Water is deleted.

The most we will pay for loss or damage for water that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment under this extension is See Page 1.

6. Other Insurance

If there is other insurance covering the same loss or damage as provided for in this endorsement, we will pay only for the amount covered in excess of the amount due from that other insurance, whether you can collect or not. However, we will not pay more than the applicable limit of insurance.

All other terms and conditions remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

### ELECTRONIC DATA PROCESSING

This endorsement modifies insurance provided by all Underwriters, Carriers and Insurers of this policy under the following forms (if attached to this policy):

BUILDING AND PERSONAL PROPERTY COVERAGE FORM  
CONDOMINIUM ASSOCIATION COVERAGE FORM  
STANDARD PROPERTY COVERAGE FORM

Throughout this endorsement the word "Company" is synonymous with "we", "us" and "our"; the term "limit of liability" is synonymous with "limit of insurance"; and the word "peril" is synonymous with "cause of loss".

### ELECTRONIC DATA PROCESSING

The following Additional Coverage is added and replaces Additional Coverage 4.f. Electronic Data in the BUILDING AND PERSONAL PROPERTY COVERAGE FORM CP 00 10 and CONDOMINIUM ASSOCIATION COVERAGE FORM CP 00 17 and Additional Coverage 4.e. in the STANDARD PROPERTY POLICY CP 00 99:

#### 1. WHAT IS COVERED AND LIMITS OF LIABILITY

This insurance applies only at the following locations and to those coverages for which a limit of liability is shown. This Company shall not be liable under any one coverage for more than the limit of liability specified for that coverage.

<u>Location:</u>	Per schedule on file with the Company	
<u>Coverage</u>	<u>Limit of Liability</u>	<u>Property and Interest Covered</u>
A	\$25,000	Electronic Data Processing Equipment listed in Paragraph 2.
B	Incl. in A	Electronic Data Processing media including the information recorded therein.
C	Incl. in A	Extra Expense as provided for in Paragraph 6.(c).

#### 2. DESCRIPTION OF ELECTRONIC DATA PROCESSING EQUIPMENT

Coverage      Manufacturer and Model No.

Per schedule on file with AmRisc.

#### 3. HOW COVERED

All risks of physical loss or damage except as provided in Paragraph 4.



#### 4. LOSSES NOT COVERED

- (a) loss or damage caused by error in machine programming or instructions to machine;
- (b) loss or damage caused by or resulting from latent defect, wear and tear, gradual deterioration;
- (c) loss or damage caused by or arising out of infidelity by an employee of the Insured. A willful act of malicious intent shall be deemed not to be an act of infidelity;
- (d) loss by nuclear reaction or nuclear radiation or radioactive contamination, all whether controlled or uncontrolled, and whether such loss be direct or indirect, proximate or remote, or be in whole or in part caused by, contributed to, or aggravated by the perils insured against in this policy; however, subject to the foregoing and all provisions of this policy, direct loss by fire resulting from nuclear reaction or nuclear radiation or radioactive contamination is insured against in this policy;
- (e) loss or damage caused by (1) hostile or warlike action in time of peace or war, including action in hindering, combating, or defending against an actual, impending or expected attack, (a) by any government or sovereign power (de jure or de facto), or by any authority maintaining or using military, naval or air forces; or (b) by military, naval or air forces; or (c) by an agent of any such government, power, authority or forces; (2) any weapon of war employing atomic fission, atomic fusion, radioactive force or material whether in time of peace or war; (3) insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against such an occurrence, seizure or destruction under quarantine or customs regulations, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade;
- (f) loss or damage occasioned by enforcement of any ordinance or law regulating the construction, repair, or demolition of any building or structure, nor by the suspension, lapse or cancellation of any lease, contract or order, nor for any interference at the location insured by strikers or other persons with rebuilding, repairing or replacing property or with the resumption or continuation of business.
- (g) loss, damage, destruction, distortion, erasure, corruption or alteration of Electronic Data processing media including the information recorded therein, or loss of use, reduction in functionality, cost, expense of whatsoever nature resulting therefrom, regardless of any cause or event contributing concurrently or in any sequence to any loss caused by or resulting from "computer virus".  
 "Computer virus" means a set of corrupting, harmful or otherwise unauthorized instructions or code including a set of maliciously introduced unauthorized instructions or code, programmatic or otherwise, that propagate themselves through a computer system or network of whatsoever nature. "Computer virus" includes but is not limited to Trojan Horses, Worms and Time or Logic Bombs.

#### 5. EXTENSIONS OF COVERAGE

- (a) NEWLY ACQUIRED PROPERTY at the location insured on newly acquired property of the kind insured under Coverage A subject to all considerations of this policy. Insurance under this extension shall cease 90 days from the date of acquisition, or on the placement of more specific insurance, whichever first occurs.
- (b) TRANSIT applicable to property insured hereunder while in transit or temporarily located elsewhere within the United States of America and Canada.

(c) REMOVAL Such insurance as is afforded under Coverage A and B of this policy shall also apply while the property insured is being removed to or from and while at a place of safety because of imminent danger of loss or damage.

(d) DEBRIS REMOVAL This policy is extended to cover expenses incurred in the removal of all debris of the damaged property insured hereunder which may be occasioned by loss caused by any of the perils insured against in this policy. In no event shall the additional coverage granted by this paragraph increase the limit of liability specified in Paragraph I.

6. HOW LOSS IS SETTLED

(a) COVERAGE A - Electronic Data Processing Equipment - The measure of recovery shall be full cost of repair or replacement; if not replaced, the actual cash value on date of loss.

(b) COVERAGE B - Electronic Data Processing Media and Information therein - The measure of recovery shall be the full cost of replacement or reproduction; if not replaced or reproduced, blank value of media.

(c) COVERAGE C - Extra Expense - The measure of recovery shall be the Extra Expense necessarily incurred to actually perform the operations normally performed by the Electronic Data Processing System:

- (1) following damage to or destruction of property or information insured under Coverage A or B, or
- (2) following suspension or reduction of the insured's ability to use property or information insured under Coverage A and B due to damage to or destruction of the building(s) housing such property, the air conditioning system for each
- (3) for not exceeding a period of two weeks, when due to damage or destruction to the premises housing property insured access thereto is prohibited by order of civil authority all as a direct result of a peril insured against under this policy.

Subject to the limit specified in Paragraph 1, insurance hereunder with respect to any one loss shall not be limited by the date of expiration of this policy and shall apply for such length of time as shall be required with the exercise of due diligence and dispatch to repair, rebuild or replace property as has been destroyed or damaged.

Should insurance under this policy apply only to coverage C, any reference in this Paragraph 6 (c) to Coverages A and B shall be construed as if coverage were actually provided under A and B.

(D) DEDUCTIBLE CLAUSE - Coverages A and B - Each loss separately occurring under Coverage A and B shall be adjusted separately and from the amount of each adjusted loss the sum of \$\_\_\_\_\*\* shall be deducted. If such loss involves Coverages A and B, only one deductible shall apply.

(E) DEDUCTIBLE CLAUSE - Coverage C - The sum of \$\_\_\_\_\*\* shall be deducted from the amount of each loss occurring separately.

\*\*see applicable deductible form(s)

All other terms and conditions remain unchanged.

ACCOUNT NUMBER: 516293

WITH RESPECT TO THE COVERAGE PROVIDED BY ALL UNDERWRITERS, CARRIERS AND INSURERS OF THIS POLICY, THE FOLLOWING CLAUSE SHALL APPLY:

### UNINTENTIONAL ERRORS AND OMISSIONS

Throughout this endorsement the word "Company" is synonymous with "we", "us" and "our".

The property insured under this policy is based on property as per schedule on file with the Company submitted by the Insured prior to the inception of this policy.

However, if any property and/or location is omitted because of negligence, error, or oversight of the Insured, and not a deliberate choice of the Insured, this Company will accept that property and/or location as being insured under this policy provided the item of property and/or location is the same in form and substance as other Real and Personal Property usual and/or incidental to the operations of the Insured.

Furthermore, if any property and/or location is undervalued in the said schedule of values because of negligence, error or oversight of the Insured, and not a deliberate choice of the Insured, such undervaluation will not prejudice the Insured's right of recovery under this policy.

The Insured agrees to report to this Company any omission or undervaluation of property as soon as practicable after it is discovered. All omitted or undervalued property will be included in Total Values at anniversary or renewal.

The sublimit for UNINTENTIONAL ERRORS & OMISSIONS is included within the Limit of Insurance shown in the Declarations as applicable to the covered Building Property. This sublimit does not increase the Limit of Insurance.

Sublimit: \$25,000

UE&O-1 07.08

EXHIBIT A

COMMERCIAL PROPERTY  
CP 00 10 10 12**BUILDING AND PERSONAL PROPERTY  
COVERAGE FORM**

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section H. Definitions.

**A. Coverage**

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

**1. Covered Property**

Covered Property, as used in this Coverage Part, means the type of property described in this section, **A.1.**, and limited in **A.2.** Property Not Covered, if a Limit Of Insurance is shown in the Declarations for that type of property.

**a. Building**, meaning the building or structure described in the Declarations, including:

- (1) Completed additions;
- (2) Fixtures, including outdoor fixtures;
- (3) Permanently installed:
  - (a) Machinery; and
  - (b) Equipment;
- (4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
  - (a) Fire-extinguishing equipment;
  - (b) Outdoor furniture;
  - (c) Floor coverings; and
  - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
- (5) If not covered by other insurance:
  - (a) Additions under construction, alterations and repairs to the building or structure;
  - (b) Materials, equipment, supplies and temporary structures, on or within 100 feet of the described premises, used for

making additions, alterations or repairs to the building or structure.

**b. Your Business Personal Property**

consists of the following property located in or on the building or structure described in the Declarations or in the open (or in a vehicle) within 100 feet of the building or structure or within 100 feet of the premises described in the Declarations, whichever distance is greater:

- (1) Furniture and fixtures;
- (2) Machinery and equipment;
- (3) "Stock";
- (4) All other personal property owned by you and used in your business;
- (5) Labor, materials or services furnished or arranged by you on personal property of others;
- (6) Your use interest as tenant in improvements and betterments, improvements and betterments are fixtures, alterations, installations or additions:
  - (a) Made a part of the building or structure you occupy but do not own; and
  - (b) You acquired or made at your expense but cannot legally remove;
- (7) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Personal Property Of Others.

**c. Personal Property Of Others that is:**

- (1) In your care, custody or control; and



- (2) Located in or on the building or structure described in the Declarations or in the open (or in a vehicle) within 100 feet of the building or structure or within 100 feet of the premises described in the Declarations, whichever distance is greater.

However, our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

## 2. Property Not Covered

Covered Property does not include:

- a. Accounts, bills, currency, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities;
- b. Animals, unless owned by others and boarded by you, or if owned by you, only as "stock" while inside of buildings;
- c. Automobiles held for sale;
- d. Bridges, roadways, walks, patios or other paved surfaces;
- e. Contraband, or property in the course of illegal transportation or trade;
- f. The cost of excavations, grading, back-filling or filling;
- g. Foundations of buildings, structures, machinery or boilers if their foundations are below:
  - (1) The lowest basement floor, or
  - (2) The surface of the ground, if there is no basement;
- h. Land (including land on which the property is located), water, growing crops or lawns (other than lawns which are part of a vegetated roof);
- i. Personal property while airborne or waterborne;
- j. Bulkheads, pilings, piers, wharves or docks;
- k. Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;
- l. Retaining walls that are not part of a building;
- m. Underground pipes, flues or drains;
- n. Electronic data, except as provided under the Additional Coverage, Electronic Data. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data. This paragraph, n., does not apply to your "stock" of prepackaged software, or to electronic data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system;
- o. The cost to replace or restore the information on valuable papers and records, including those which exist as electronic data. Valuable papers and records include but are not limited to proprietary information, books of account, deeds, manuscripts, abstracts, drawings and card index systems. Refer to the Coverage Extension for Valuable Papers And Records (Other Than Electronic Data) for limited coverage for valuable papers and records other than those which exist as electronic data;
- p. Vehicles or self-propelled machines (including aircraft or watercraft) that:
  - (1) Are licensed for use on public roads; or
  - (2) Are operated principally away from the described premises.

This paragraph does not apply to:

- (a) Vehicles or self-propelled machines or autos you manufacture, process or warehouse;
- (b) Vehicles or self-propelled machines, other than autos, you hold for sale;
- (c) Rowboats or canoes out of water at the described premises; or

(d) Trailers, but only to the extent provided for in the Coverage Extension for Non-owned Detached Trailers; or

q. The following property while outside of buildings:

- (1) Grain, hay, straw or other crops;
- (2) Fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, trees, shrubs or plants (other than trees, shrubs or plants which are "stock" or are part of a vegetated roof), all except as provided in the Coverage Extensions.

### 3. Covered Causes Of Loss

See applicable Causes Of Loss form as shown in the Declarations.

### 4. Additional Coverages

#### a. Debris Removal

(1) Subject to Paragraphs (2), (3) and (4), we will pay your expense to remove debris of Covered Property and other debris that is on the described premises, when such debris is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.

(2) Debris Removal does not apply to costs to:

- (a) Remove debris of property of yours that is not insured under this policy, or property in your possession that is not Covered Property;
- (b) Remove debris of property owned by or leased to the landlord of the building where your described premises are located, unless you have a contractual responsibility to insure such property and it is insured under this policy;
- (c) Remove any property that is Property Not Covered, including property addressed under the Outdoor Property Coverage Extension;
- (d) Remove property of others of a type that would not be Covered

Property under this Coverage Form;

(e) Remove deposits of mud or earth from the grounds of the described premises;

(f) Extract "pollutants" from land or water; or

(g) Remove, restore or replace polluted land or water.

(3) Subject to the exceptions in Paragraph (4), the following provisions apply:

(a) The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.

(b) Subject to (a) above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage. However, if no Covered Property has sustained direct physical loss or damage, the most we will pay for removal of debris of other property (if such removal is covered under this Additional Coverage) is \$5,000 at each location.

(4) We will pay up to an additional \$25,000 for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:

(a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.

(b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has



sustained loss or damage.

Therefore, if (4)(a) and/or (4)(b) applies, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus \$25,000.

#### (5) Examples

The following examples assume that there is no Coinsurance penalty.

##### Example 1

Limit of Insurance:	\$ 90,000
Amount of Deductible:	\$ 500
Amount of Loss:	\$ 50,000
Amount of Loss Payable:	\$ 49,500 (\$50,000 - \$500)
Debris Removal Expense:	\$ 10,000
Debris Removal Expense Payable:	\$ 10,000 (\$10,000 is 20% of \$50,000.)

The debris removal expense is less than 25% of the sum of the loss payable plus the deductible. The sum of the loss payable and the debris removal expense (\$49,500 + \$10,000 = \$59,500) is less than the Limit of Insurance. Therefore, the full amount of debris removal expense is payable in accordance with the terms of Paragraph (3).

##### Example 2

Limit of Insurance:	\$ 90,000
Amount of Deductible:	\$ 500
Amount of Loss:	\$ 80,000
Amount of Loss Payable:	\$ 79,500 (\$80,000 - \$500)
Debris Removal Expense:	\$ 40,000
Debris Removal Expense Payable:	
Basic Amount:	\$ 10,500
Additional Amount:	\$ 25,00

The basic amount payable for debris removal expense under the terms of Paragraph (3) is calculated as follows: \$80,000 (\$79,500 + \$500) x .25 = \$20,000, capped at \$10,500. The cap applies because the sum of the loss payable (\$79,500) and the basic amount payable for debris removal expense (\$10,500) cannot exceed the Limit of Insurance (\$90,000).

The additional amount payable for debris removal expense is provided in accordance with the terms

of Paragraph (4), because the debris removal expense (\$40,000) exceeds 25% of the loss payable plus the deductible (\$40,000 is 50% of \$80,000), and because the sum of the loss payable and debris removal expense (\$79,500 + \$40,000 = \$119,500) would exceed the Limit of Insurance (\$90,000). The additional amount of covered debris removal expense is \$25,000, the maximum payable under Paragraph (4). Thus, the total payable for debris removal expense in this example is \$35,500; \$4,500 of the debris removal expense is not covered.

#### b. Preservation Of Property

If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

(1) While it is being moved or while temporarily stored at another location; and

(2) Only if the loss or damage occurs within 30 days after the property is first moved.

#### c. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$1,000 for service at each premises described in the Declarations, unless a higher limit is shown in the Declarations. Such limit is the most we will pay regardless of the number of responding fire departments or fire units, and regardless of the number or type of services performed.

This Additional Coverage applies to your liability for fire department service charges:

(1) Assumed by contract or agreement prior to loss; or

(2) Required by local ordinance.

No Deductible applies to this Additional Coverage.

#### d. Pollutant Clean-up And Removal

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only

if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage for each described premises is \$10,000 for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12-month period of this policy.

**e. Increased Cost Of Construction**

(1) This Additional Coverage applies only to buildings to which the Replacement Cost Optional Coverage applies.

(2) In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay the increased costs incurred to comply with the minimum standards of an ordinance or law in the course of repair, rebuilding or replacement of damaged parts of that property, subject to the limitations stated in e.(3) through e.(9) of this Additional Coverage.

(3) The ordinance or law referred to in e.(2) of this Additional Coverage is an ordinance or law that regulates the construction or repair of buildings or establishes zoning or land use requirements at the described premises and is in force at the time of loss.

(4) Under this Additional Coverage, we will not pay any costs due to an ordinance or law that:

(a) You were required to comply with before the loss, even when the building was undamaged; and

(b) You failed to comply with.

(5) Under this Additional Coverage, we will not pay for:

(a) The enforcement of or compliance with any ordinance or law which requires demolition, repair, replacement, reconstruction,

remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or

(b) Any costs associated with the enforcement of or compliance with an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot or bacteria.

(6) The most we will pay under this Additional Coverage, for each described building insured under this Coverage Form, is \$10,000 or 5% of the Limit of Insurance applicable to that building, whichever is less. If a damaged building is covered under a blanket Limit of Insurance which applies to more than one building or item of property, then the most we will pay under this Additional Coverage, for that damaged building, is the lesser of \$10,000 or 5% times the value of the damaged building as of the time of loss times the applicable Coinsurance percentage.

The amount payable under this Additional Coverage is additional insurance.

(7) With respect to this Additional Coverage:

(a) We will not pay for the Increased Cost of Construction:

(i) Until the property is actually repaired or replaced at the same or another premises; and

(ii) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

(b) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we

will pay for the increased Cost of Construction, subject to the provisions of e.(6) of this Additional Coverage, is the increased cost of construction at the same premises.

- (c) If the ordinance or law requires relocation to another premises, the most we will pay for the increased Cost of Construction, subject to the provisions of e.(6) of this Additional Coverage, is the increased cost of construction at the new premises.
- (8) This Additional Coverage is not subject to the terms of the Ordinance Or Law Exclusion to the extent that such Exclusion would conflict with the provisions of this Additional Coverage.
- (9) The costs addressed in the Loss Payment and Valuation Conditions and the Replacement Cost Optional Coverage, in this Coverage Form, do not include the increased cost attributable to enforcement of or compliance with an ordinance or law. The amount payable under this Additional Coverage, as stated in e.(6) of this Additional Coverage, is not subject to such limitation.

#### **f. Electronic Data**

- (1) Under this Additional Coverage, electronic data has the meaning described under Property Not Covered, Electronic Data. This Additional Coverage does not apply to your "stock" of prepackaged software, or to electronic data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system.
- (2) Subject to the provisions of this Additional Coverage, we will pay for the cost to replace or restore electronic data which has been destroyed or corrupted by a Covered Cause of Loss. To the extent that electronic data is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the electronic data was stored, with blank media of

substantially identical type.

- (3) The Covered Causes of Loss applicable to Your Business Personal Property apply to this Additional Coverage, Electronic Data, subject to the following:

- (a) If the Causes Of Loss — Special Form applies, coverage under this Additional Coverage, Electronic Data, is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.

- (b) If the Causes Of Loss — Broad Form applies, coverage under this Additional Coverage, Electronic Data, includes Collapse as set forth in that form.

- (c) If the Causes Of Loss form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage, Electronic Data.

- (d) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, modify, maintain, repair or replace that system.

- (4) The most we will pay under this Additional Coverage, Electronic Data, is \$2,500 (unless a higher limit is shown in the Declarations) for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved. If loss payment on the



first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in but not after that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

## 5. Coverage Extensions

Except as otherwise provided, the following Extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises.

If a Coinsurance percentage of 80% or more, or a Value Reporting period symbol, is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

### a. Newly Acquired Or Constructed Property

#### (1) Buildings

If this policy covers Building, you may extend that insurance to apply to:

- (a) Your new buildings while being built on the described premises; and
- (b) Buildings you acquire at locations, other than the described premises, intended for:
  - (i) Similar use as the building described in the Declarations; or
  - (ii) Use as a warehouse.

The most we will pay for loss or damage under this Extension is \$250,000 at each building.

#### (2) Your Business Personal Property

- (a) If this policy covers Your Business Personal Property, you may extend that insurance to apply to:
  - (i) Business personal property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions; or

- (ii) Business personal property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations.

The most we will pay for loss or damage under this Extension is \$100,000 at each building.

- (b) This Extension does not apply to:

- (i) Personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or
- (ii) Personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities.

### (3) Period Of Coverage

With respect to insurance provided under this Coverage Extension for Newly Acquired Or Constructed Property, coverage will end when any of the following first occurs:

- (a) This policy expires;
- (b) 30 days expire after you acquire the property or begin construction of that part of the building that would qualify as covered property; or
- (c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property or begin construction of that part of the building that would qualify as covered property.

### b. Personal Effects And Property Of Others

You may extend the insurance that applies to Your Business Personal Property to apply to:

- (1) Personal effects owned by you, your officers, your partners or members, your managers or your employees. This Extension does not apply to loss or damage by theft.
- (2) Personal property of others in your

care, custody or control.

The most we will pay for loss or damage under this Extension is \$2,500 at each described premises. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

**c. Valuable Papers And Records (Other Than Electronic Data)**

(1) You may extend the insurance that applies to Your Business Personal Property to apply to the cost to replace or restore the lost information on valuable papers and records for which duplicates do not exist. But this Extension does not apply to valuable papers and records which exist as electronic data. Electronic data has the meaning described under Property Not Covered, Electronic Data.

(2) If the Causes Of Loss — Special Form applies, coverage under this Extension is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.

(3) If the Causes Of Loss — Broad Form applies, coverage under this Extension includes Collapse as set forth in that form.

(4) Under this Extension, the most we will pay to replace or restore the lost information is \$2,500 at each described premises, unless a higher limit is shown in the Declarations. Such amount is additional insurance. We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist) and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable Limit of Insurance on Your Business Personal Property and, therefore, coverage of such costs is not additional insurance.

**d. Property Off-premises**

(1) You may extend the insurance provided by this Coverage Form to apply to your Covered Property while it is away from the described premises, if it is:

(a) Temporarily at a location you

do not own, lease or operate;

(b) In storage at a location you lease, provided the lease was executed after the beginning of the current policy term; or

(c) At any fair, trade show or exhibition.

(2) This Extension does not apply to property:

(a) In or on a vehicle; or

(b) in the care, custody or control of your salespersons, unless the property is in such care, custody or control at a fair, trade show or exhibition.

(3) The most we will pay for loss or damage under this Extension is \$10,000.

**e. Outdoor Property**

You may extend the insurance provided by this Coverage Form to apply to your outdoor fences, radio and television antennas (including satellite dishes), trees, shrubs and plants (other than trees, shrubs or plants which are "stock" or are part of a vegetated roof), including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

(1) Fire;

(2) Lightning;

(3) Explosion;

(4) Riot or Civil Commotion; or

(5) Aircraft.

The most we will pay for loss or damage under this Extension is \$1,000, but not more than \$250 for any one tree, shrub or plant. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

Subject to all aforementioned terms and limitations of coverage, this Coverage Extension includes the expense of removing from the described premises the debris of trees, shrubs and plants which are the property of others, except in the situation in which you are a tenant and such property is owned by the landlord of the described premises.

**f. Non-owned Detached Trailers**

(1) You may extend the insurance that



applies to Your Business Personal Property to apply to loss or damage to trailers that you do not own, provided that:

- (a) The trailer is used in your business;
  - (b) The trailer is in your care, custody or control at the premises described in the Declarations; and
  - (c) You have a contractual responsibility to pay for loss or damage to the trailer.
- (2) We will not pay for any loss or damage that occurs:
- (a) While the trailer is attached to any motor vehicle or motorized conveyance, whether or not the motor vehicle or motorized conveyance is in motion;
  - (b) During hitching or unhitching operations, or when a trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.
- (3) The most we will pay for loss or damage under this Extension is \$5,000, unless a higher limit is shown in the Declarations.
- (4) This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.

**g. Business Personal Property Temporarily In Portable Storage Units**

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to such property while temporarily stored in a portable storage unit (including a detached trailer) located within 100 feet of the building or structure described in the Declarations or within 100 feet of the premises described in the Declarations, whichever distance is greater.
- (2) If the applicable Covered Causes of Loss form or endorsement contains a limitation or exclusion concerning loss or damage from sand, dust, sleet, snow, ice or rain to property in a structure, such limitation or exclusion also applies to property in a portable storage unit.

**(3) Coverage under this Extension:**

- (a) Will end 90 days after the business personal property has been placed in the storage unit;
  - (b) Does not apply if the storage unit itself has been in use at the described premises for more than 90 consecutive days, even if the business personal property has been stored there for 90 or fewer days as of the time of loss or damage.
- (4) Under this Extension, the most we will pay for the total of all loss or damage to business personal property is \$10,000 (unless a higher limit is indicated in the Declarations for such Extension) regardless of the number of storage units. Such limit is part of, not in addition to, the applicable Limit of Insurance on Your Business Personal Property. Therefore, payment under this Extension will not increase the applicable Limit of Insurance on Your Business Personal Property.
- (5) This Extension does not apply to loss or damage otherwise covered under this Coverage Form or any endorsement to this Coverage Form or policy, and does not apply to loss or damage to the storage unit itself.

Each of these Extensions is additional insurance unless otherwise indicated. The Additional Condition, Coinsurance, does not apply to these Extensions.

**B. Exclusions And Limitations**

See applicable Causes Of Loss form as shown in the Declarations.

**C. Limits Of Insurance**

The most we will pay for loss or damage in any one occurrence is the applicable Limit Of Insurance shown in the Declarations.

The most we will pay for loss or damage to outdoor signs, whether or not the sign is attached to a building, is \$2,500 per sign in any one occurrence.

The amounts of insurance stated in the following Additional Coverages apply in accordance with the terms of such coverages and are separate from the Limit(s) Of Insurance shown in the Declarations for any other coverage:

- 1. Fire Department Service Charge;

2. Pollutant Clean-up And Removal;
3. Increased Cost Of Construction; and
4. Electronic Data.

Payments under the Preservation Of Property Additional Coverage will not increase the applicable Limit of Insurance.

#### D. Deductible

In any one occurrence of loss or damage (hereinafter referred to as loss), we will first reduce the amount of loss if required by the Co-insurance Condition or the Agreed Value Optional Coverage. If the adjusted amount of loss is less than or equal to the Deductible, we will not pay for that loss. If the adjusted amount of loss exceeds the Deductible, we will then subtract the Deductible from the adjusted amount of loss and will pay the resulting amount or the Limit of Insurance, whichever is less.

When the occurrence involves loss to more than one item of Covered Property and separate Limits of Insurance apply, the losses will not be combined in determining application of the Deductible. But the Deductible will be applied only once per occurrence.

#### Example 1

(This example assumes there is no Coinsurance penalty.)

Deductible:	\$ 250
Limit of Insurance – Building 1:	\$ 60,000
Limit of Insurance – Building 2:	\$ 80,000
Loss to Building 1:	\$ 60,100
Loss to Building 2:	\$ 90,000

The amount of loss to Building 1 (\$60,100) is less than the sum (\$60,250) of the Limit of Insurance applicable to Building 1 plus the Deductible.

The Deductible will be subtracted from the amount of loss in calculating the loss payable for Building 1:

$$\begin{array}{r} \$ 60,100 \\ - \quad 250 \\ \hline \end{array}$$

\$ 59,850 Loss Payable – Building 1

The Deductible applies once per occurrence and therefore is not subtracted in determining the amount of loss payable for Building 2. Loss payable for Building 2 is the Limit of Insurance of \$80,000.

Total amount of loss payable:

$$\$59,850 + \$80,000 = \$139,850$$

#### Example 2

(This example, too, assumes there is no Coinsurance penalty.)

The Deductible and Limits of Insurance are the same as those in Example 1.

Loss to Building 1:	\$ 70,000
(Exceeds Limit of Insurance plus Deductible)	
Loss to Building 2:	\$ 90,000
(Exceeds Limit of Insurance plus Deductible)	
Loss Payable – Building 1:	\$ 60,000
(Limit of Insurance)	
Loss Payable – Building 2:	\$ 80,000
(Limit of Insurance)	
Total amount of loss payable:	\$ 140,000

#### E. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions:

##### 1. Abandonment

There can be no abandonment of any property to us.

##### 2. Appraisal

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

##### 3. Duties In The Event Of Loss Or Damage

- a. You must see that the following are done in the event of loss or damage to Covered Property:

- (1) Notify the police if a law may have been broken.
- (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
- (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.

(4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

(5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.

(6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also, permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

(7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

(8) Cooperate with us in the investigation or settlement of the claim.

b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

#### 4. Loss Payment

a. In the event of loss or damage covered by this Coverage Form, at our option, we will either:

- (1) Pay the value of lost or damaged property;
- (2) Pay the cost of repairing or replacing the lost or damaged property, subject to b. below;

(3) Take all or any part of the property at an agreed or appraised value; or

(4) Repair, rebuild or replace the property with other property of like kind and quality, subject to b. below.

We will determine the value of lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of the Valuation Condition in this Coverage Form or any applicable provision which amends or supersedes the Valuation Condition.

b. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.

c. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.

d. We will not pay you more than your financial interest in the Covered Property.

e. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.

f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.

g. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part, and:

(1) We have reached agreement with you on the amount of loss; or

(2) An appraisal award has been made.

h. A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties. In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the adjoining building. However, if you elect to repair or replace your building and the owner



of the adjoining building elects not to repair or replace that building, we will pay you the full value of the loss to the party wall, subject to all applicable policy provisions including Limits of Insurance, the Valuation and Coinsurance Conditions and all other provisions of this Loss Payment Condition. Our payment under the provisions of this paragraph does not alter any right of subrogation we may have against any entity, including the owner or insurer of the adjoining building, and does not alter the terms of the Transfer Of Rights Of Recovery Against Others To Us Condition in this policy.

#### 5. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

#### 6. Vacancy

##### a. Description Of Terms

(1) As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in (1)(a) and (1)(b) below:

(a) When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.

(b) When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:

(i) Rented to a lessee or sublessee and used by the lessee or sublessee to conduct its customary operations; and/or

(ii) Used by the building owner to conduct customary operations.

(2) Buildings under construction or renovation are not considered vacant.

##### b. Vacancy Provisions

If the building where loss or damage occurs has been vacant for more than 60 consecutive days before that loss or damage occurs:

(1) We will not pay for any loss or damage caused by any of the following, even if they are Covered Causes of Loss:

(a) Vandalism;

(b) Sprinkler leakage, unless you have protected the system against freezing;

(c) Building glass breakage;

(d) Water damage;

(e) Theft; or

(f) Attempted theft.

(2) With respect to Covered Causes of Loss other than those listed in b.(1)(a) through b.(1)(f) above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

#### 7. Valuation

We will determine the value of Covered Property in the event of loss or damage as follows:

a. At actual cash value as of the time of loss or damage, except as provided in b., c., d. and e. below.

b. If the Limit of Insurance for Building satisfies the Additional Condition, Coinsurance, and the cost to repair or replace the damaged building property is \$2,500 or less, we will pay the cost of building repairs or replacement.

The cost of building repairs or replacement does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.

However, the following property will be valued at the actual cash value, even when attached to the building:

(1) Awnings or floor coverings;

(2) Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or

(3) Outdoor equipment or furniture.

c. "Stock" you have sold but not

delivered at the selling price less discounts and expenses you otherwise would have had.

- d. Glass at the cost of replacement with safety-glazing material if required by law.
- e. Tenants' Improvements and Betterments at:

- (1) Actual cash value of the lost or damaged property if you make repairs promptly.
- (2) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:
  - (a) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
  - (b) Divide the amount determined in (a) above by the number of days from the installation of improvements to the expiration of the lease.

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.

- (3) Nothing if others pay for repairs or replacement.

#### F. Additional Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions:

##### 1. Coinsurance

If a Coinsurance percentage is shown in the Declarations, the following condition applies:

- a. We will not pay the full amount of any loss if the value of Covered Property at the time of loss times the Coinsurance percentage shown for it in the Declarations is greater than the Limit of Insurance for the property.

Instead, we will determine the most we will pay using the following steps:

- (1) Multiply the value of Covered Property at the time of loss by the Coinsurance percentage;
- (2) Divide the Limit of Insurance of the property by the figure determined in Step (1);

- (3) Multiply the total amount of loss, before the application of any deductible, by the figure determined in Step (2); and

- (4) Subtract the deductible from the figure determined in Step (3).

We will pay the amount determined in Step (4) or the Limit of Insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

#### Example 1 (Underinsurance)

When:	The value of the property is:	\$ 250,000
	The Coinsurance percentage for it is:	80%
	The Limit of Insurance for it is:	\$ 100,000
	The Deductible is:	\$ 250
	The amount of loss is:	\$ 40,000

Step (1):  $\$250,000 \times 80\% = \$200,000$   
(the minimum amount of insurance to meet your Coinsurance requirements)

Step (2):  $\$100,000 / \$200,000 = .50$

Step (3):  $\$40,000 \times .50 = \$20,000$

Step (4):  $\$20,000 - \$250 = \$19,750$

We will pay no more than \$19,750. The remaining \$20,250 is not covered.

#### Example 2 (Adequate Insurance)

When:	The value of the property is:	\$ 250,000
	The Coinsurance percentage for it is:	80%
	The Limit of Insurance for it is:	\$ 200,000
	The Deductible is:	\$ 250
	The amount of loss is:	\$ 40,000

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 ( $\$250,000 \times 80\%$ ). Therefore, the Limit of Insurance in this example is adequate, and no penalty applies. We will pay no more than \$39,750 (\$40,000 amount of loss minus the deductible of \$250).

- b. If one Limit of Insurance applies to two or more separate items, this condition will apply to the total of all property to which the limit applies.



**Example 3**

When: The value of the property is:

Building at Location 1:	\$ 75,000
Building at Location 2:	\$ 100,000
Personal Property at Location 2:	\$ 75,000
	<u>\$ 250,000</u>

The Coinsurance percentage for it is: 90%

The Limit of Insurance for Buildings and Personal Property at Locations 1 and 2 is: \$ 180,000

The Deductible is: \$ 1,000

Building at Location 2:	\$ 30,000
Personal Property at Location 2:	\$ 20,000
	<u>\$ 50,000</u>

Step (1):  $\$250,000 \times 90\% = \$225,000$

(the minimum amount of insurance to meet your Coinsurance requirements and to avoid the penalty shown below)

Step (2):  $\$180,000 - \$225,000 = .80$

Step (3):  $\$50,000 \times .80 = \$40,000$

Step (4):  $\$40,000 - \$1,000 = \$39,000$

We will pay no more than \$39,000. The remaining \$11,000 is not covered.

**2. Mortgageholders**

- The term mortgageholder includes trustee.
- We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.
- The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.
- If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:
  - Pays any premium due under this Coverage Part at our request if you have failed to do so;
  - Submits a signed, sworn proof of loss within 60 days after receiving

notice from us of your failure to do so; and

- Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

All of the terms of this Coverage Part will then apply directly to the mortgageholder.

- If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:
  - The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
  - The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

At our option, we may pay to the mortgageholder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

- If we cancel this policy, we will give written notice to the mortgageholder at least:
  - 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
  - 30 days before the effective date of cancellation if we cancel for any other reason.

- If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

**G. Optional Coverages**

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item:

**1. Agreed Value**

- The Additional Condition, Coinsurance, does not apply to Covered Property to which this Optional Coverage applies. We will pay no more for loss of or damage to that property than the proportion that the Limit of Insurance

under this Coverage Part for the property bears to the Agreed Value shown for it in the Declarations.

- b. If the expiration date for this Optional Coverage shown in the Declarations is not extended, the Additional Condition, Coinsurance, is reinstated and this Optional Coverage expires.

- c. The terms of this Optional Coverage apply only to loss or damage that occurs:

- (1) On or after the effective date of this Optional Coverage; and
- (2) Before the Agreed Value expiration date shown in the Declarations or the policy expiration date, whichever occurs first.

## 2. Inflation Guard

- a. The Limit of Insurance for property to which this Optional Coverage applies will automatically increase by the annual percentage shown in the Declarations.

- b. The amount of increase will be:

- (1) The Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance, times
- (2) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 8% is .08), times
- (3) The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

### Example

If: The applicable Limit of Insurance is: \$100,000

The annual percentage increase is: 8%

The number of days since the beginning of the policy year (or last policy change) is: 146

The amount of increase is:

$\$100,000 \times .08 \times \frac{146}{365} = \$ 3,200$

## 3. Replacement Cost

- a. Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the Valuation Loss Condition of this Coverage Form.

- b. This Optional Coverage does not apply to:

- (1) Personal property of others;
- (2) Contents of a residence;
- (3) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac; or
- (4) "Stock", unless the Including "Stock" option is shown in the Declarations.

Under the terms of this Replacement Cost Optional Coverage, tenants' improvements and betterments are not considered to be the personal property of others.

- c. You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim for the additional coverage this Optional Coverage provides if you notify us of your intent to do so within 180 days after the loss or damage.

- d. We will not pay on a replacement cost basis for any loss or damage:

- (1) Until the lost or damaged property is actually repaired or replaced; and
- (2) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage.

With respect to tenants' improvements and betterments, the following also apply:

- (3) If the conditions in d.(1) and d.(2) above are not met, the value of tenants' improvements and betterments will be determined as a proportion of your original cost, as set forth in the Valuation Loss Condition of this Coverage Form; and

- (4) We will not pay for loss or damage to tenants' improvements and betterments if others pay for repairs or replacement.

- e. We will not pay more for loss or damage on a replacement cost basis than the least of (1), (2) or (3), subject to f. below:

(1) The Limit of Insurance applicable to the lost or damaged property;

(2) The cost to replace the lost or damaged property with other property:

(a) Of comparable material and quality; and

(b) Used for the same purpose; or

(3) The amount actually spent that is necessary to repair or replace the lost or damaged property.

If a building is rebuilt at a new premises, the cost described in a.(2) above is limited to the cost which would have been incurred if the building had been rebuilt at the original premises.

f. The cost of repair or replacement does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.

#### 4. Extension Of Replacement Cost To Personal Property Of Others

a. If the Replacement Cost Optional Coverage is shown as applicable in the Declarations, then this Extension may also be shown as applicable. If the Declarations show this Extension as applicable, then Paragraph 3.b.(1) of the Replacement Cost Optional Coverage is deleted and all other provisions of the Replacement Cost Optional Coverage apply to replacement cost on personal property of others.

b. With respect to replacement cost on the personal property of others, the following limitation applies:

If an item(s) of personal property of others is subject to a written contract

which governs your liability for loss or damage to that item(s), then valuation of that item(s) will be based on the amount for which you are liable under such contract, but not to exceed the lesser of the replacement cost of the property or the applicable Limit of Insurance.

#### H. Definitions

1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.

2. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

3. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.

COMMERCIAL PROPERTY  
CP 00 32 10 12**BUSINESS INCOME (WITHOUT EXTRA EXPENSE)  
COVERAGE FORM**

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section F. Definitions.

**A. Coverage****1. Business Income**

Business Income means the:

- a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and
- b. Continuing normal operating expenses incurred, including payroll.

For manufacturing risks, Net Income includes the net sales value of production.

Coverage is provided as described and limited below for one or more of the following options for which a Limit Of Insurance is shown in the Declarations:

- (1) Business Income Including "Rental Value".
- (2) Business Income Other Than "Rental Value".
- (3) "Rental Value".

If option (1) above is selected, the term Business Income will include "Rental Value". If option (3) above is selected, the term Business Income will mean "Rental Value" only.

If Limits of Insurance are shown under more than one of the above options, the provisions of this Coverage Part apply separately to each.

We will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss of or damage to property at premises which are described in the Declarations and for which a Business Income Limit Of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 100 feet of such premises.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of a building, your premises means:

- (a) The portion of the building which you rent, lease or occupy;
- (b) The area within 100 feet of the building or within 100 feet of the premises described in the Declarations, whichever distance is greater (with respect to loss of or damage to personal property in the open or personal property in a vehicle); and



- (c) Any area within the building or at the described premises, if that area services, or is used to gain access to, the portion of the building which you rent, lease or occupy.

## 2. Covered Causes Of Loss, Exclusions And Limitations

See applicable Causes Of Loss form as shown in the Declarations.

## 3. Additional Limitation – Interruption Of Computer Operations

- a. Coverage for Business Income does not apply when a "suspension" of "operations" is caused by destruction or corruption of electronic data, or any loss or damage to electronic data, except as provided under the Additional Coverage, Interruption Of Computer Operations.
- b. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.
- c. This Additional Limitation does not apply when loss or damage to electronic data involves only electronic data which is integrated in and operates or controls a building's elevator, lighting, heating, ventilation, air conditioning or security system.

## 4. Additional Coverages

### a. Expenses To Reduce Loss

In the event of a covered loss of Business Income, we will pay necessary expenses you incur, except the cost of extinguishing a fire, to avoid further loss of Business Income. The total of our payment for Business Income loss and Expenses To Reduce Loss will not be more than the Business Income loss that would have been payable under this Coverage Form (after application of any Coinsurance penalty) if the Expenses To Reduce Loss had not been incurred. This coverage does not increase the Limit of Insurance.

The Coinsurance condition does not apply specifically to such Expenses To Reduce Loss, but it is used as described above to determine the total amount payable.

### b. Civil Authority

In this Additional Coverage, Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations.

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

- (1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and
- (2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.



Civil Authority Coverage will begin 72 hours after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to four consecutive weeks from the date on which such coverage began.

**c. Alterations And New Buildings**

We will pay for the actual loss of Business Income you sustain due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

- (1) New buildings or structures, whether complete or under construction;
- (2) Alterations or additions to existing buildings or structures; and
- (3) Machinery, equipment, supplies or building materials located on or within 100 feet of the described premises and:
  - (a) Used in the construction, alterations or additions; or
  - (b) Incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of "operations", the "period of restoration" will begin on the date "operations" would have begun if the direct physical loss or damage had not occurred.

**d. Extended Business Income**

**(1) Business Income Other Than "Rental Value"**

If the necessary "suspension" of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:

- (a) Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed; and
- (b) Ends on the earlier of:
  - (i) The date you could restore your "operations", with reasonable speed, to the level which would generate the business income amount that would have existed if

no direct physical loss or damage had occurred; or

- (ii) 60 consecutive days after the date determined in (1)(a) above.

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

**(2) "Rental Value"**

If the necessary "suspension" of your "operations" produces a "Rental Value" loss payable under this policy, we will pay for the actual loss of "Rental Value" you incur during the period that:

- (a) Begins on the date property is actually repaired, rebuilt or replaced and tenantability is restored; and
- (b) Ends on the earlier of:
  - (i) The date you could restore tenant occupancy, with reasonable speed, to the level which would generate the "Rental Value" that would have existed if no direct physical loss or damage had occurred; or

- (ii) 60 consecutive days after the date determined in (2)(a) above.

However, Extended Business Income does not apply to loss of "Rental Value" incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of "Rental Value" must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

**e. Interruption Of Computer Operations**

- (1) Under this Additional Coverage, electronic data has the meaning described under Additional Limitation — Interruption Of Computer Operations.
- (2) Subject to all provisions of this Additional Coverage, you may extend the insurance that applies to Business Income to apply to a "suspension" of "operations" caused by an interruption in computer operations due to destruction or corruption of electronic data due to a Covered Cause of Loss. However, we will not provide coverage under this Additional Coverage when the Additional Limitation — Interruption Of Computer Operations does not apply based on Paragraph A.3.c. therein.
- (3) With respect to the coverage provided under this Additional Coverage, the Covered Causes of Loss are subject to the following:
  - (a) If the Causes Of Loss — Special Form applies, coverage under this Additional Coverage, Interruption Of Computer Operations, is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.
  - (b) If the Causes Of Loss — Broad Form applies, coverage under this Additional Coverage, Interruption Of Computer Operations, includes Collapse as set forth in that form.
  - (c) If the Causes Of Loss form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage, Interruption Of Computer Operations.
  - (d) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal

operation. But there is no coverage for an interruption related to manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, maintain, repair or replace that system.

- (4) The most we will pay under this Additional Coverage, Interruption Of Computer Operations, is \$2,500 (unless a higher limit is shown in the Declarations) for all loss sustained in any one policy year, regardless of the number of interruptions or the number of premises, locations or computer systems involved. If loss payment relating to the first interruption does not exhaust this amount, then the balance is available for loss sustained as a result of subsequent interruptions in that policy year. A balance remaining at the end of a policy year does not increase the amount of insurance in the next policy year. With respect to any interruption which begins in one policy year and continues or results in additional loss in a subsequent policy year(s), all loss is deemed to be sustained in the policy year in which the interruption began.
- (5) This Additional Coverage, Interruption Of Computer Operations, does not apply to loss sustained after the end of the "period of restoration", even if the amount of insurance stated in (4) above has not been exhausted.

**5. Coverage Extension**

If a Coinsurance percentage of 50% or more is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

**NEWLY ACQUIRED LOCATIONS**

- a. You may extend your Business Income Coverage to apply to property at any location you acquire other than fairs or exhibitions.
- b. The most we will pay for loss under this Extension is \$100,000 at each location, unless a higher limit is shown in the Declarations.

- c. Insurance under this Extension for each newly acquired location will end when any of the following first occurs:

- (1) This policy expires;
- (2) 30 days expire after you acquire or begin to construct the property; or
- (3) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property.

The Additional Condition, Coinsurance, does not apply to this Extension.

#### B. Limits Of Insurance

The most we will pay for loss in any one occurrence is the applicable Limit Of Insurance shown in the Declarations.

Payments under the following Additional Coverages will not increase the applicable Limit of Insurance:

1. Alterations And New Buildings;
2. Civil Authority;
3. Extended Business Income; or
4. Expenses To Reduce Loss.

The amounts of insurance stated in the Interruption Of Computer Operations Additional Coverage and the Newly Acquired Locations Coverage Extension apply in accordance with the terms of those coverages and are separate from the Limit(s) Of Insurance shown in the Declarations for any other coverage.

#### C. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions:

##### 1. Appraisal

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser.

The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and

- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

#### 2. Duties In The Event Of Loss

- a. You must see that the following are done in the event of loss:

- (1) Notify the police if a law may have been broken.
- (2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.
- (3) As soon as possible, give us a description of how, when and where the direct physical loss or damage occurred.

- (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
- (5) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

- (6) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
- (7) Cooperate with us in the investigation or settlement of the claim.
- (8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.



- b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

### 3. Loss Determination

- a. The amount of Business Income loss will be determined based on:

- (1) The Net Income of the business before the direct physical loss or damage occurred;
- (2) The likely Net Income of the business if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;
- (3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and
- (4) Other relevant sources of information, including:
  - (a) Your financial records and accounting procedures;
  - (b) Bills, invoices and other vouchers; and
  - (c) Deeds, liens or contracts.

### b. Resumption Of Operations

We will reduce the amount of your Business Income loss to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.

- c. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

### 4. Loss Payment

We will pay for covered loss within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part, and:

- a. We have reached agreement with you on the amount of loss; or
- b. An appraisal award has been made.

### D. Additional Condition

#### COINSURANCE

If a Coinsurance percentage is shown in the Declarations, the following condition applies in addition to the Common Policy Conditions and the Commercial Property Conditions:

We will not pay the full amount of any loss if the Limit of Insurance for Business Income is less than:

1. The Coinsurance percentage shown for Business Income in the Declarations; times
2. The sum of:

- a. The Net Income (Net Profit or Loss before income taxes); and
- b. Operating expenses, including payroll expenses;

that would have been earned or incurred (had no loss occurred) by your "operations" at the described premises for the 12 months following the inception, or last previous anniversary date, of this policy (whichever is later).

Instead, we will determine the most we will pay using the following steps:

Step (1): Multiply the Net Income and operating expense for the 12 months following the inception, or last previous anniversary date, of this policy by the Coinsurance percentage;

Step (2): Divide the Limit of Insurance for the described premises by the figure determined in Step (1); and

Step (3): Multiply the total amount of loss by the figure determined in Step (2).

We will pay the amount determined in Step (3) or the Limit of Insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

In determining operating expenses for the purpose of applying the Coinsurance condition, the following expenses, if applicable, shall be deducted from the total of all operating expenses:

- (1) Prepaid freight — outgoing;
- (2) Returns and allowances;
- (3) Discounts;
- (4) Bad debts;
- (5) Collection expenses;
- (6) Cost of raw stock and factory supplies consumed (including transportation charges);
- (7) Cost of merchandise sold (including transportation charges);
- (8) Cost of other supplies consumed (including transportation charges);
- (9) Cost of services purchased from outsiders (not employees) to resell, that do not continue under contract;
- (10) Power, heat and refrigeration expenses that do not continue under contract (if Form CP 15 11 is attached);
- (11) All payroll expenses or the amount of payroll expense excluded (if Form CP 15 10 is attached); and
- (12) Special deductions for mining properties (royalties unless specifically included in coverage; actual depletion commonly known as unit or cost depletion — not percentage depletion; welfare and retirement fund charges based on tonnage; hired trucks).

#### Example 1 (Underinsurance)

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been: \$ 400,000  
The Coinsurance percentage is: 50%  
The Limit of Insurance is: \$ 150,000  
The amount of loss is: \$ 80,000

Step (1):  $400,000 \times 50\% = \$200,000$   
(the minimum amount of insurance to meet your Coinsurance requirements)

Step (2):  $\$150,000 / \$200,000 = .75$

Step (3):  $\$80,000 \times .75 = \$60,000$

We will pay no more than \$60,000. The remaining \$20,000 is not covered.

#### Example 2 (Adequate Insurance)

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been: \$ 400,000  
The Coinsurance percentage is: 50%  
The Limit of Insurance is: \$ 200,000  
The amount of loss is: \$ 80,000

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 ( $\$400,000 \times 50\%$ ). Therefore, the Limit of Insurance in this example is adequate and no penalty applies. We will pay no more than \$80,000 (amount of loss).

#### E. Optional Coverages

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item.

##### 1. Maximum Period Of Indemnity

- a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.
- b. The most we will pay for loss of Business Income is the lesser of:
  - (1) The amount of loss sustained during the 120 days immediately following the beginning of the "period of restoration"; or
  - (2) The Limit Of Insurance shown in the Declarations.

##### 2. Monthly Limit Of Indemnity

- a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.
- b. The most we will pay for loss of Business Income in each period of 30 consecutive days after the beginning of the "period of restoration" is:
  - (1) The Limit of Insurance, multiplied by
  - (2) The fraction shown in the Declarations for this Optional Coverage.



**Example**

When: The Limit of Insurance is: \$ 120,000  
 The fraction shown in the Declarations for this Optional Coverage is: 1/4  
 The most we will pay for loss in each period of 30 consecutive days is \$ 30,000  
 (\$120,000  $\times$  1/4 = \$30,000)  
 If, in this example, the actual amount of loss is:

Days 1-30:	\$ 40,000
Days 31-60:	\$ 20,000
Days 61-90:	\$ 30,000
	<hr/> \$ 90,000

We will pay:

Days 1-30:	\$ 30,000
Days 31-60:	\$ 20,000
Days 61-90:	\$ 30,000
	<hr/> \$ 80,000

The remaining \$40,000 is not covered.

**3. Business Income Agreed Value****a. To activate this Optional Coverage:**

(1) A Business Income Report/Work Sheet must be submitted to us and must show financial data for your "operations":

(a) During the 12 months prior to the date of the Work Sheet; and

(b) Estimated for the 12 months immediately following the inception of this Optional Coverage.

(2) The Declarations must indicate that the Business Income Agreed Value Optional Coverage applies, and an Agreed Value must be shown in the Declarations. The Agreed Value should be at least equal to:

(a) The Coinsurance percentage shown in the Declarations; multiplied by

(b) The amount of Net Income and operating expenses for the following 12 months you report on the Work Sheet.

**b. The Additional Condition, Coinsurance, is suspended until:**

(1) 12 months after the effective date of this Optional Coverage; or

(2) The expiration date of this policy; whichever occurs first.

c. We will reinstate the Additional Condition, Coinsurance, automatically if you do not submit a new Work Sheet and Agreed Value:

(1) Within 12 months of the effective date of this Optional Coverage; or

(2) When you request a change in your Business Income Limit of Insurance.

d. If the Business Income Limit of Insurance is less than the Agreed Value, we will not pay more of any loss than the amount of loss multiplied by:

(1) The Business Income Limit of Insurance; divided by

(2) The Agreed Value.

**Example**

When: The Limit of Insurance is: \$100,000  
 The Agreed Value is: \$200,000  
 Step (1):  $\$100,000 / \$200,000 = .50$   
 Step (2):  $.50 \times \$80,000 = \$40,000$   
 We will pay \$40,000. The remaining \$40,000 is not covered.

**4. Extended Period Of Indemnity**

Under Paragraph A.4.d., Extended Business Income, the number 60 in Subparagraphs (1)(b) and (2)(b) is replaced by the number shown in the Declarations for this Optional Coverage.

**F. Definitions**

1. "Finished stock" means stock you have manufactured.

"Finished stock" also includes whiskey and alcoholic products being aged, unless there is a Coinsurance percentage shown for Business Income in the Declarations.

"Finished stock" does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.

2. "Operations" means:

a. Your business activities occurring at the described premises; and

b. The tenantability of the described premises, if coverage for Business Income including "Rental Value" or "Rental Value" applies.

3. "Period of restoration" means the period of time that:

a. Begins 72 hours after the time of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; and

b. Ends on the earlier of:

- (1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
- (2) The date when business is resumed at a new permanent location.

"Period of restoration" does not include any increased period required due to the enforcement of or compliance with any ordinance or law that:

- (1) Regulates the construction, use or repair, or requires the tearing down, of any property; or
- (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".

4. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

5. "Rental Value" means Business Income that consists of:

- a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, including fair rental value of any portion of the described premises which is occupied by you; and
- b. Continuing normal operating expenses incurred in connection with that premises, including:
  - (1) Payroll; and
  - (2) The amount of charges which is the legal obligation of the tenant(s) but would otherwise be your obligations.

6. "Suspension" means:

- a. The slowdown or cessation of your business activities; or
- b. That a part or all of the described premises is rendered untenable, if coverage for Business Income including "Rental Value" or "Rental Value" applies.

COMMERCIAL PROPERTY  
CP 00 50 10 12**EXTRA EXPENSE COVERAGE FORM**

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section D. Definitions.

**A. Coverage**

We will pay the actual and necessary Extra Expense you sustain due to direct physical loss of or damage to property at premises which are described in the Declarations and for which an Extra Expense Limit Of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 100 feet of such premises.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of a building, your premises means:

- a. The portion of the building which you rent, lease or occupy;
- b. The area within 100 feet of the building or within 100 feet of the premises described in the Declarations, whichever distance is greater (with respect to loss of or damage to personal property in the open or personal property in a vehicle); and
- c. Any area within the building or at the described premises, if that area serves, or is used to gain access to, the portion of the building which you rent, lease or occupy.

**1. Extra Expense**

Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property. Coverage pertains to expenses (other than the expense to repair or replace property) which are incurred to:

- a. Avoid or minimize the "suspension" of business and to continue "operations" at the described premises or at replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location.

- b. Minimize the "suspension" of business if you cannot continue "operations".

We will also pay Extra Expense to repair or replace property, but only to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

**2. Covered Causes Of Loss, Exclusions And Limitations**

See applicable Causes Of Loss form as shown in the Declarations.

**3. Additional Limitation -- Interruption Of Computer Operations**

- a. Coverage for Extra Expense does not apply when action is taken to avoid or minimize a "suspension" of "operations" caused by destruction or corruption of electronic data, or any loss or damage to electronic data, except as provided under the Additional Coverage, Interruption Of Computer Operations.
- b. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.
- c. This Additional Limitation does not apply when loss or damage to electronic data involves only electronic data which is integrated in and operates or

controls a building's elevator, lighting, heating, ventilation, air conditioning or security system.

#### 4. Additional Coverages

##### a. Alterations And New Buildings

We will pay for the actual and necessary Extra Expense you incur due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

- (1) New buildings or structures, whether complete or under construction;
- (2) Alterations or additions to existing buildings or structures; and
- (3) Machinery, equipment, supplies or building materials located on or within 100 feet of the described premises and:
  - (a) Used in the construction, alterations or additions; or
  - (b) Incidental to the occupancy of new buildings.

##### b. Civil Authority

In this Additional Coverage, Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations.

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual and necessary Extra Expense you incur caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

- (1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and
- (2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority Coverage will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will end four consecutive weeks after the date of that action.

##### c. Interruption Of Computer Operations

- (1) Under this Additional Coverage, electronic data has the meaning described under Additional Limitation, Interruption Of Computer Operations.
- (2) Subject to all provisions of this Additional Coverage, you may extend the insurance that applies to Extra Expense to apply to a "suspension" of "operations" caused by an interruption in computer operations due to destruction or corruption of electronic data due to a Covered Cause of Loss. However, we will not provide coverage under this Additional Coverage when the Additional Limitation, Interruption Of Computer Operations does not apply based on Paragraph A.3.c. therein.
- (3) With respect to the coverage provided under this Additional Coverage, the Covered Causes of Loss are subject to the following:
  - (a) If the Causes Of Loss — Special Form applies, coverage under this Additional Coverage, Interruption Of Computer Operations, is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.
  - (b) If the Causes Of Loss — Broad Form applies, coverage under this Additional Coverage, Interruption Of Computer Operations, includes Collapse as set forth in that form.
  - (c) If the Causes Of Loss Form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage, Interruption Of Computer Operations.



(d) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for an interruption related to manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, maintain, repair or replace that system.

(4) The most we will pay under this Additional Coverage, Interruption Of Computer Operations, is \$2,500 (unless a higher limit is shown in the Declarations) for all loss sustained in any one policy year, regardless of the number of interruptions or the number of premises, locations or computer systems involved. If loss payment relating to the first interruption does not exhaust this amount, then the balance is available for loss sustained as a result of subsequent interruptions in that policy year. A balance remaining at the end of a policy year does not increase the amount of insurance in the next policy year. With respect to any interruption which begins in one policy year and continues or results in additional loss in a subsequent policy year(s), all loss is deemed to be sustained in the policy year in which the interruption began.

(5) This Additional Coverage, Interruption Of Computer Operations, does not apply to loss sustained after the end of the "period of restoration", even if the amount of insurance stated in (4) above has not been exhausted.

#### 5. Coverage Extension

You may extend the insurance provided by this Coverage Part as follows:

#### NEWLY ACQUIRED LOCATIONS

- a. You may extend your Extra Expense Coverage to apply to property at any location you acquire other than fairs or exhibitions.
- b. The most we will pay for loss under this Extension is \$100,000 at each location, unless a higher limit is shown in the Declarations.
- c. Insurance under this Extension for each newly acquired location will end when any of the following first occurs:
  - (1) This policy expires;
  - (2) 30 days expire after you acquire the property; or
  - (3) You notify us of how you want this coverage to apply to that location.

We will charge you additional premium from the date you acquire the property.

#### B. Limits Of Insurance

The most we will pay for loss in any one occurrence is the applicable Limit Of Insurance shown in the Declarations.

Payments under the following Additional Coverages will not increase the applicable Limit of Insurance:

1. Alterations And New Buildings; or
2. Civil Authority.

The amounts of insurance stated in the Interruption Of Computer Operations Additional Coverage and the Newly Acquired Locations Coverage Extension apply in accordance with the terms of those coverages and are separate from the Limit(s) Of Insurance shown in the Declarations for any other coverage.

#### C. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions:

##### 1. Appraisal

If we and you disagree on the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:



- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

## 2. Duties If You Incur Extra Expense

- a. You must see that the following are done if you incur Extra Expense:

- (1) Notify the police if a law may have been broken.
- (2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.
- (3) As soon as possible, give us a description of how, when and where the direct physical loss or damage occurred.
- (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
- (5) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.  
  
Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
- (6) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
- (7) Cooperate with us in the investigation or settlement of the claim.
- (8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.

- b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

## 3. Limits On Loss Payment

We will not pay more for Extra Expense than the percentages shown in the Declarations times the Limit of Insurance.

When the "period of restoration" is:

- a. 30 days or less, the first percentage applies.
- b. 60 days or less, but more than 30 days, the second percentage applies.
- c. More than 60 days, the third percentage applies.

### Example

The Limit of Insurance is: \$ 100,000

The percentages shown in the Declarations are: 40% — 80% — 100%

The "period of restoration" is: 45 days

The amount of Extra Expenses incurred is: \$ 90,000

We will not pay more than \$100,000 times 80% (the percentage applicable for a "period of restoration" of 31–60 days), or \$80,000. The remaining \$10,000 is not covered.

## 4. Loss Determination

- a. The amount of Extra Expense will be determined based on:

- (1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:
  - (a) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and
  - (b) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and

(2) Necessary expenses that reduce the Extra Expense otherwise incurred.

b. We will reduce the amount of your Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.

c. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

#### 5. Loss Payment

We will pay for any loss within 30 days after we receive the proof of loss, if you have complied with all of the terms of this Coverage Part, and:

- a. We reach agreement with you on the amount of loss; or
- b. An appraisal award has been made.

#### D. Definitions

1. "Operations" means your business activities occurring at the described premises.
2. "Period of restoration" means the period of time that:
  - a. Begins with the date of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; and
  - b. Ends on the earlier of:
    - (1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
    - (2) The date when business is resumed at a new permanent location.

"Period of restoration" does not include any increased period required due to the enforcement of or compliance with any ordinance or law that:

- (1) Regulates the construction, use or repair, or requires the tearing down, of any property; or
- (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".

3. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
4. "Suspension" means the slowdown or cessation of your business activities.

ACCOUNT NUMBER: 516293

COMMERCIAL PROPERTY  
CP 03 20 10 92

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**MULTIPLE DEDUCTIBLE FORM**

(FIXED DOLLAR DEDUCTIBLES)

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM  
 BUILDERS' RISK COVERAGE FORM  
 CONDOMINIUM ASSOCIATION COVERAGE FORM  
 CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM  
 STANDARD PROPERTY POLICY  
 TOBACCO SALES WAREHOUSES COVERAGE FORM  
 DIC-1

**SCHEDULE\***

The Deductibles applicable to any one occurrence are shown below:

Prem. No.	Bldg. No.	Deductible	Covered Causes of Loss**
ALL	ALL	\$2,500	(2)
ALL	ALL	\$5,000	(5) Except Named Windstorm or Named Storm. See AR 03.211 for Named Windstorm or Named Storm deductible.

\*Information required to complete this Schedule, if not shown on this endorsement, will be shown in the Declarations.

\*\*For each deductible listed in this Schedule, enter the number corresponding to the Covered Cause(s) of Loss to which that deductible applies (or enter the description):

- (1) All Covered Causes of Loss
- (2) All Covered Causes of Loss except Windstorm or Hail
- (3) All Covered Causes of Loss except Theft
- (4) All Covered Causes of Loss except Windstorm or Hail and Theft
- (5) Windstorm or Hail
- (6) Theft

The following is added to the DEDUCTIBLE section:

- A. In the event that loss or damage occurs to Covered Property at more than one building location as a result of one occurrence, the largest applicable deductible for that Covered Cause of Loss, shown in the Schedule above or in the Declarations, will apply.
- B. The terms of this endorsement do not apply to any Earthquake Deductible or to any Windstorm or Hail Percentage Deductible provided elsewhere in this policy.

CP 03 20 10 92

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EXHIBIT A

ACCOUNT NUMBER: 516293

COMMERCIAL PROPERTY  
AR 03 21L (11/05)**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY**  
**VALUES PER LOCATION WINDSTORM OR HAIL PERCENTAGE DEDUCTIBLE**

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM  
 BUILDERS RISK COVERAGE FORM  
 BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM  
 BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM  
 CONDOMINIUM ASSOCIATION COVERAGE FORM  
 DIC-1  
 STANDARD PROPERTY POLICY

**SCHEDULE\***

Premises No.	Bldg. No.	Windstorm or Hail Deductible Percentage (enter percentage)
ALL	ALL	2.0 % Named Windstorm or Named Storm Only, subject to a \$5,000 per occurrence minimum. See AROL PE for Named Windstorm or Named Storm definition.

The Windstorm or Hail Deductible, as shown in the Schedule, applies to loss or damage to Covered Property caused directly or indirectly by Windstorm or Hail, regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage. If loss or damage from a covered weather condition other than Windstorm or Hail occurs, and that loss or damage would not have occurred but for the Windstorm or Hail, such loss or damage shall be considered to be caused by Windstorm or Hail and therefore part of the Windstorm or Hail occurrence.

With respect to Covered Property at a location identified in the Schedule, no other deductible applies to Windstorm or Hail.

The Windstorm or Hail Deductible applies whenever there is an occurrence of Windstorm or Hail.

As used in this endorsement, the terms "specific insurance" and "blanket insurance" have the following meanings: Specific insurance covers each item of insurance (for example, each building or personal property in a building) under a separate Limit of Insurance. Blanket insurance covers two or more items of insurance (for example, a building and personal property in that building, or two buildings) under a single Limit of Insurance. Items of insurance and corresponding Limit (s) of Insurance are shown in the Declarations.

**WINDSTORM OR HAIL DEDUCTIBLE CLAUSE****A. All Policies****1. A Deductible is calculated separately for, and applies separately to:**

- the Total Insurable Values (TIV) per each location. The TIV per location shall be calculated as the sum of all reported values for Real Property, Personal Property, Business Income, and any other values for which coverage is provided under this policy related to each scheduled location.

\* Information required to complete this Schedule, if not shown on this Endorsement, will be shown in the Declarations.

If coverage is provided for Business Income, the deductible shown above is in addition to the 72 hour waiting period as stated in Form CP 00 30 "Business Income (And Extra Expense) Coverage Form" or Form CP 00 32 "Business Income (Without Extra Expense) Coverage Form" as regards loss due to the perils of Windstorm or Hail Only.



2. We will not pay for loss or damage until the amount of loss or damage exceeds the applicable Deductible. We will then pay the amount of loss or damage in excess of that Deductible, up to the applicable Limit of Insurance, after any reduction required by any of the following: Coinsurance Condition, Agreed Value Optional Coverage, Additional Condition - Need For Adequate Insurance or Additional Condition - Need For Full Reports.

3. When property is covered under the Coverage Extension for Newly Acquired or Constructed Property: In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to a percentage of the value(s) of the property at time of loss. The applicable percentage for Newly Acquired or Constructed Property is the highest percentage shown in the Schedule for any described premises.

**B. Calculation of the Deductible – Specific Insurance Other than Builders Risk**

**1. Property Not Subject to Value Reporting Forms**

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to the percentage as shown in the Schedule of the Limit(s) of Insurance applicable to the property at the location that has sustained loss or damage.

**2. Property Subject to Value Reporting Forms**

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to the percentage as shown in the Schedule of the value(s) of the property that has sustained loss or damage. The value(s) to be used are the latest value(s) shown in the most recent Report of Values on file with us.

However:

- a. If the most recent Report of Values shows less than the full value(s) of the property on the report dates, we will determine the deductible amount as a percentage of the full value(s) as of the report dates.
- b. If the first Report of Values is not filed with us prior to loss or damage, we will determine the deductible amount as a percentage of the applicable Limit(s) of Insurance.

**C. Calculation of the Deductible – Blanket Insurance Other than Builders Risk**

**1. Property Not Subject to Value Reporting Forms**

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to the percentage as shown in the Schedule, applied to the total insurable value(s) of the property that has sustained loss or damage. The value(s) to be used are the total insurable values at the time and place of the loss.

**2. Property Subject to Value Reporting Forms**

In determining the amount, if any, that we will pay for property that has sustained loss or damage, we will deduct an amount equal to the percentage as shown in the Schedule of the value(s) of that property as of the time of loss or damage.

**D. Calculation of the Deductible – Builders Risk Insurance**

**1. Builders Risk Other than Reporting Form**

In determining the amount, if any, that we will pay for property that has sustained loss or damage, we will deduct an amount equal to the percentage as shown in the Schedule of the actual cash value(s) of that property as of the time of loss or damage.

**2. Builders Risk Reporting Form**

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to the percentage as shown in the Schedule of the value(s) of the property that has sustained loss or damage. The value(s) to be used are the actual cash value(s) shown in the most recent Report of Values on file with us.

However:

- a. If the most recent Report of Values shows less than the actual cash value(s) of the property on the report date, we will determine the deductible amount as a percentage of the actual cash value(s) as of the report date.
- b. If the first Report of Values is not filed with us prior to loss or damage, we will determine the deductible amount as a percentage of the actual cash value(s) of the property as of the time of loss or damage.

**EXAMPLES – APPLICATION OF DEDUCTIBLE:**



**Example # 1 – Specific Insurance (B.1.)**

The amount of loss to the damaged building is \$80,000.

The value of the damaged building at time of loss is \$100,000. The Coinsurance percentage shown in the Declarations is 80%; the minimum Limit of Insurance needed to meet the coinsurance requirement is \$80,000 (80% of \$100,000).

The actual Limit of Insurance on the damaged building is \$70,000.

The Deductible is 1%

Step (1): \$ 70,000 ÷ \$ 80,000 = .875  
 Step (2): \$ 60,000 X .875 = \$ 52,500  
 Step (3): \$ 100,000 X 1% = \$ 1,000  
 Step (4): \$ 52,500 - \$ 1,000 = \$ 51,500

The most we will pay is \$51,500. The remainder of the loss, \$8,500, is not covered due to the Coinsurance penalty for inadequate insurance (steps (1) and (2)) and the application of the Deductible (steps (3) and (4)).

The value of the damaged building at time of loss is \$100,000. The value of the business personal property in that building is \$80,000. The Coinsurance percentage shown in the Declarations is 80%; the minimum Limits of Insurance needed to meet the coinsurance requirement are \$80,000 (80% of \$100,000) for the building and \$64,000 (80% of \$80,000) for the business personal property. The amount of loss to the Business Personal Property is \$40,000.

The actual Limits of Insurance on the damaged property are \$80,000 on the building and \$64,000 on the business personal property (therefore no Coinsurance penalty).

Buildings #1 and #2 have sustained damage; the amounts of loss to these buildings are \$40,000 (Building #1) and \$20,000 (Building #2).

The Deductible is 2%

**Building and Personal Property**

Step (1): \$ 144,000 X 2% = \$ 2,880  
 Step (2): \$ 100,000 - \$ 2,880 = \$ 97,120

The most we will pay is \$97,120. That portion of the total loss not covered due to application of the Deductible is \$2,880.

**Example # 2 – Blanket Insurance (C.1.)**

The sum of the values of Building #1 (\$500,000), Building #2 (\$500,000) and Building #3 (\$1,000,000), as shown in the most recent Statement of Values on file with us, is \$2,000,000. Buildings #1 and #2 are at location #1, while Building #3 is at location #2.

The Coinsurance percentage shown in the Declarations is 90%; the minimum Blanket Limit of Insurance needed to meet the coinsurance requirement is \$1,800,000 (90% of \$2,000,000).

The actual Blanket Limit of Insurance covering Buildings #1, #2, and #3, shown in the Declarations, is \$1,800,000 (therefore no Coinsurance penalty).

Buildings #1 and #2 have sustained damage; the amounts of loss to these buildings are \$40,000 (Building #1) and \$20,000 (Building #2).

The Deductible is 2%

**Location #1**

Step (1): \$ 1,000,000 X 2% = \$ 20,000  
 Step (2): \$ 80,000 - \$ 20,000 = \$ 60,000

The most we will pay is \$40,000. That portion of the total loss not covered due to application of the Deductible is \$20,000.

Unofficial Copy Office of Marilyn Burgess District Clerk

ACCOUNT NUMBER: 516293

COMMERCIAL PROPERTY  
AR 04 05 (07/08)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ORDINANCE OR LAW COVERAGE**

As respects the coverage provided by this endorsement:

1. Coverage is limited to **BUILDINGS** listed on the Property Schedule. No coverage applies for any scheduled items which are not **BUILDINGS**.
2. The Insurer(s) shall not be liable for Ordinance or Law Coverage, as provided below, unless the loss to the insured building equals or exceeds 50% of the Building's total Replacement Cost.

This endorsement modifies insurance provided under the following:

BUILDERS' RISK COVERAGE FORM  
 BUILDING AND PERSONAL PROPERTY COVERAGE FORM  
 CONDOMINIUM ASSOCIATION COVERAGE FORM  
 DIC-1  
 STANDARD PROPERTY POLICY

**SCHEDULE\***

Bldg. No. / Prem. No.	Cov. A Limit of Insurance	Cov. B Limit of Insurance	Cov. C Limit of Insurance	Cov. A,B,&C Blanket Limit of Insurance
ALL / ALL	\$ Included in Building Limit.	\$ 20% per Building.	\$ Included in Limit B.	\$ **

\* Information required to complete the Schedule, if not shown on this endorsement, will be shown in the Declarations.

\*\* Do not enter a Blanket Limit of Insurance if individual Limits of Insurance are selected for Coverages A, B and C, or if one of these Coverages is not applicable.

A. Each Coverage – Coverage A, Coverage B and Coverage C – applies only if that Coverage(s) is chosen by entry in the above Schedule and then only with respect to the Building property identified for that Coverage(s) in the Schedule.

B. We will not pay under this endorsement for the costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

**C. Coverage****1. Coverage A – Coverage for Loss to the Undamaged Portion of the Building**

If a Covered Cause of Loss occurs to covered Building property, we will pay under Coverage A for the loss in value of the undamaged portion of the building as a consequence of enforcement of any ordinance or law that:

- a. Requires the demolition of parts of the same property not damaged by a Covered Cause of Loss;
- b. Regulates the construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and
- c. Is in force at the time of loss.

**2. Coverage B – Demolition Cost Coverage**

If a Covered Cause of Loss occurs to covered Building property, we will pay the cost to demolish and clear the site of undamaged parts of the property caused by enforcement of building, zoning or land use ordinance or law.

The COINSURANCE Additional Condition does not apply to Demolition Cost Coverage.

AR 04 05 (07/08)

Page 1 of 3

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EXHIBIT A

### 3. Coverage C – Increased Cost of Construction

- a. If a Covered Cause of Loss occurs to the covered Building property, we will pay for the increased cost to:
- (1) Repair or reconstruct damaged portions of that Building property; and/or
  - (2) Reconstruct or remodel undamaged portions of that Building property, whether or not demolition is required;

when the increased cost is a consequence of enforcement of building, zoning or land use ordinance or law.

However:

- (1) This coverage applies only if the restored or remodeled property is intended for similar occupancy as the current property, unless such occupancy is not permitted by zoning or land use ordinance or law.
- (2) We will not pay for the increased cost of construction if the building is not repaired, reconstructed or remodeled.

The COINSURANCE Additional Condition does not apply to Increased Cost of Construction Coverage.

- b. When covered Building property is damaged or destroyed by a Covered Cause of Loss and Coverage C applies to that property in accordance with 3.a. above, coverage for the increased cost of construction also applies to repair or reconstruction of the following, subject to the same conditions stated in 3.a.:

- (1) The cost of excavations, grading, backfilling and filling;
- (2) Foundation of the building;
- (3) Pilings; and
- (4) Underground pipes, flues and drains.

The items listed in b.(1) through b.(4) above are deleted from Property Not Covered, but only with respect to the coverage described in this provision, 3.b.

The sublimits shown in the schedule for Coverages A, B and C, whether separate or blanket limits, are included within the Limits of Insurance shown in the Declarations as applicable to the Covered Building Property. Coverage under this endorsement DOES NOT increase the applicable Limit of Insurance.

### D. Loss Payment

1. When Coverage A applies to the building, including loss in value of the undamaged portion of the building due to enforcement of an ordinance or law, will be determined as follows:
  - a. If the Replacement Cost Coverage Option applies and the property is repaired or replaced, on the same or another premises, we will not pay more than the lesser of:
    - (1) The amount you actually spend to repair, rebuild or reconstruct the building, but not for more than the amount it would cost to restore the building on the same premises and to the same height, floor area, style and comparable quality of the original property insured; or
    - (2) The Limit of Insurance shown in the Declarations as applicable to the covered Building property.
  - b. If the Replacement Cost Coverage Option applies and the property is not repaired or replaced, or if the Replacement Cost Coverage Option does not apply, we will not pay more than the lesser of:
    - (1) The actual cash value of the building at the time of loss; or
    - (2) The Limit of Insurance shown in the Declarations as applicable to the covered Building property.
2. Unless paragraph D.4. applies, loss payment under Coverage B – Demolition Cost Coverage will be determined as follows:

We will not pay more than the lesser of the following:

- a. The amount you actually spend to demolish and clear the site of the described premises; or
- b. The applicable Limit of Insurance shown for Coverage B in the Schedule above.



3. Unless paragraph D.4. applies, loss payment under Coverage C – Increased Cost of Construction Coverage will be determined as follows:
  - a. We will not pay under Coverage C:
    - (1) Until the property is actually repaired or replaced, at the same or another premises; and
    - (2) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.
  - b. If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay under Coverage C is the lesser of:
    - (1) The increased cost of construction at the same premises; or
    - (2) The applicable Limit of Insurance shown for Coverage C in the Schedule above.
  - c. If the ordinance or law requires relocation to another premises, the most we will pay under Coverage C is the lesser of:
    - (1) The increased cost of construction at the new premises; or
    - (2) The applicable Limit of Insurance shown for Coverage C in the Schedule above.
4. If a Blanket Limit of Insurance is shown for Coverages B and C in the Schedule above, paragraphs D.2. and D.3. of this endorsement do not apply with respect to the Building property that is subject to the Blanket Limit, and the following loss payment provisions apply instead:

The most we will pay, for the total of all covered losses for Demolition Cost and Increased Cost of Construction, is the Blanket Limit of Insurance shown for Coverages B and C in the Schedule above. Subject to this Blanket Limit of Insurance, the following loss payment provisions apply:

- a. For Demolition Cost, we will not pay more than the amount you actually spend to demolish and clear the site of the described premises.
- b. With respect to the Increased Cost of Construction:
  - (1) We will not pay for the increased cost of construction:
    - (a) Until the property is actually repaired or replaced, at the same or another premises; and
    - (b) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.
  - (2) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the same premises.
  - (3) If the ordinance or law requires relocation to another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the new premises.

E. The terms of this endorsement apply on an Occurrence basis.

F. Under this endorsement we will not pay for loss due to any ordinance or law that:

1. You were required to comply with before the loss, even if the building was undamaged; and
2. You failed to comply with.

COMMERCIAL PROPERTY  
CP 10 30 10 12**CAUSES OF LOSS – SPECIAL FORM**

Words and phrases that appear in quotation marks have special meaning. Refer to Section G, Definitions.

**A. Covered Causes Of Loss**

When Special is shown in the Declarations, Covered Causes of Loss means direct physical loss unless the loss is excluded or limited in this policy.

**B. Exclusions**

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

**a. Ordinance Or Law**

The enforcement of or compliance with any ordinance or law:

- (1) Regulating the construction, use or repair of any property; or
- (2) Requiring the tearing down of any property, including the cost of removing its debris.

This exclusion, Ordinance Or Law, applies whether the loss results from:

- (a) An ordinance or law that is enforced even if the property has not been damaged; or
- (b) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

**b. Earth Movement**

- (1) Earthquake, including tremors and aftershocks and any earth sinking, rising or shifting related to such event;
- (2) Landslide, including any earth sinking, rising or shifting related to such event;
- (3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;

- (4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

But if Earth Movement, as described in (1) through (4) above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

- (5) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or Volcanic Action, we will pay for the loss or damage caused by that fire, building glass breakage or Volcanic Action.

Volcanic Action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

- (a) Airborne volcanic blast or airborne shock waves;
- (b) Ash, dust or particulate matter; or
- (c) Lava flow.

With respect to coverage for Volcanic Action as set forth in (5)(a), (5)(b) and (5)(c), all volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.

Volcanic Action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

This exclusion applies regardless of whether any of the above, in Paragraphs (1) through (5), is caused by an act of nature or is otherwise caused.

**c. Governmental Action**

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this Coverage Part.

**d. Nuclear Hazard**

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if nuclear reaction or radiation, or radioactive contamination, results in fire, we will pay for the loss or damage caused by that fire.

**e. Utility Services**

The failure of power, communication, water or other utility service supplied to the described premises, however caused, if the failure:

- (1) Originates away from the described premises; or
- (2) Originates at the described premises, but only if such failure involves equipment used to supply the utility service to the described premises from a source away from the described premises.

Failure of any utility service includes lack of sufficient capacity and reduction in supply.

Loss or damage caused by a surge of power is also excluded, if the surge would not have occurred but for an event causing a failure of power.

But if the failure or surge of power, or the failure of communication, water or other utility service, results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

Communication services include but are not limited to service relating to Internet access or access to any electronic, cellular or satellite network.

**f. War And Military Action**

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or de-

fending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

**g. Water**

- (1) Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge);

- (2) Mudslide or mudflow;

- (3) Water that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment;

- (4) Water under the ground surface pressing on, or flowing or seeping through:

(a) Foundations, walls, floors or paved surfaces;

(b) Basements, whether paved or not; or

(c) Doors, windows or other openings; or

- (5) Waterborne material carried or otherwise moved by any of the water referred to in Paragraph (1), (3) or (4), or material carried or otherwise moved by mudslide or mudflow.

This exclusion applies regardless of whether any of the above, in Paragraphs (1) through (5), is caused by an act of nature or is otherwise caused. An example of a situation to which this exclusion applies is the situation where a dam, levee, seawall or other boundary or containment system fails in whole or in part, for any reason, to contain the water.

But if any of the above, in Paragraphs (1) through (5), results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage (if sprinkler leakage is a Covered Cause of Loss).

**h. "Fungus", Wet Rot, Dry Rot And Bacteria**

Presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria.

But if "fungus", wet or dry rot or bacteria result in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion does not apply:

- (1) When "fungus", wet or dry rot or bacteria result from fire or lightning; or
- (2) To the extent that coverage is provided in the Additional Coverage, Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria, with respect to loss or damage by a cause of loss other than fire or lightning.

Exclusions B.1.a. through B.1.h. apply whether or not the loss event results in widespread damage or affects a substantial area.

**2. We will not pay for loss or damage caused by or resulting from any of the following:**

**a. Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:**

- (1) Electrical or electronic wire, device, appliance, system or network; or
- (2) Device, appliance, system or network utilizing cellular or satellite technology.

For the purpose of this exclusion, electrical, magnetic or electromagnetic energy includes but is not limited to:

- (a) Electrical current, including arcing;
- (b) Electrical charge produced or conducted by a magnetic or electromagnetic field;
- (c) Pulse of electromagnetic energy; or
- (d) Electromagnetic waves or microwaves.

But if fire results, we will pay for the loss or damage caused by that fire.

**b. Delay, loss of use or loss of market.**

**c. Smoke, vapor or gas from agricultural smudging or industrial operations.**

**d.(1) Wear and tear;**

**(2) Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;**

**(3) Smog;**

**(4) Settling, cracking, shrinking or expansion;**

**(5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals.**

**(6) Mechanical breakdown, including rupture or bursting caused by centrifugal force. But if mechanical breakdown results in elevator collision, we will pay for the loss or damage caused by that elevator collision.**

**(7) The following causes of loss to personal property:**

- (a) Dampness or dryness of atmosphere;
- (b) Changes in or extremes of temperature; or
- (c) Marring or scratching.

But if an excluded cause of loss that is listed in 2.d.(1) through (7) results in a "specified cause of loss" or building glass breakage, we will pay for the loss or damage caused by that "specified cause of loss" or building glass breakage.

**e. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.**

**f. Continuous or repeated seepage or leakage of water, or the presence or**



condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.

- g. Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:

- (1) You do your best to maintain heat in the building or structure; or
- (2) You drain the equipment and shut off the supply if the heat is not maintained.

- h. Dishonest or criminal act (including theft) by you, any of your partners, members, officers, managers, employees (including temporary employees and leased workers), directors, trustees or authorized representatives, whether acting alone or in collusion with each other or with any other party; or theft by any person to whom you entrust the property for any purpose, whether acting alone or in collusion with any other party.

This exclusion:

- (1) Applies whether or not an act occurs during your normal hours of operation;
  - (2) Does not apply to acts of destruction by your employees (including temporary employees and leased workers) or authorized representatives; but theft by your employees (including temporary employees and leased workers) or authorized representatives is not covered.
- i. Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.
- j. Rain, snow, ice or sleet to personal property in the open.
- k. Collapse, including any of the following conditions of property or any part of the property:
- (1) An abrupt falling down or caving in;
  - (2) Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or

- (3) Any cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion as such condition relates to (1) or (2) above.

But if collapse results in a Covered Cause of Loss at the described premises, we will pay for the loss or damage caused by that Covered Cause of Loss.

This exclusion, k., does not apply:

- (a) To the extent that coverage is provided under the Additional Coverage, Collapse; or
- (b) To collapse caused by one or more of the following:
  - (i) The "specified causes of loss";
  - (ii) Breakage of building glass;
  - (iii) Weight of rain that collects on a roof; or
  - (iv) Weight of people or personal property.

- l. Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion, l., does not apply to damage to glass caused by chemicals applied to the glass.

- m. Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.
3. We will not pay for loss or damage caused by or resulting from any of the following, 3.a. through 3.c. But if an excluded cause of loss that is listed in 3.a. through 3.c. results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.
    - a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph 1. above to produce the loss or damage.
    - b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.



c. Faulty, inadequate or defective:

- (1) Planning, zoning, development, surveying, siting;
- (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
- (3) Materials used in repair, construction, renovation or remodeling; or
- (4) Maintenance;

of part or all of any property on or off the described premises.

4. Special Exclusions

The following provisions apply only to the specified Coverage Forms:

a. Business Income (And Extra Expense) Coverage Form, Business Income (Without Extra Expense) Coverage Form, Or Extra Expense Coverage Form

We will not pay for:

- (1) Any loss caused by or resulting from:
  - (a) Damage or destruction of "finished stock"; or
  - (b) The time required to reproduce "finished stock".

This exclusion does not apply to Extra Expense.

- (2) Any loss caused by or resulting from direct physical loss or damage to radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers.
- (3) Any increase of loss caused by or resulting from:
  - (a) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or
  - (b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the "suspension" of "operations", we will cover such loss that affects your Business Income during the "period of restoration" and any extension of the "period of

restoration" in accordance with the terms of the Extended Business Income Additional Coverage and the Extended Period Of Indemnity Optional Coverage or any variation of these.

- (4) Any Extra Expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration"

- (5) Any other consequential loss.

b. Leasehold Interest Coverage Form

- (1) Paragraph B.1.a., Ordinance Or Law, does not apply to insurance under this Coverage Form.

- (2) We will not pay for any loss caused by:

- (a) Your cancelling the lease;
- (b) The suspension, lapse or cancellation of any license; or
- (c) Any other consequential loss.

c. Legal Liability Coverage Form

- (1) The following exclusions do not apply to insurance under this Coverage Form:

- (a) Paragraph B.1.a. Ordinance Or Law;
- (b) Paragraph B.1.c. Governmental Action;
- (c) Paragraph B.1.d. Nuclear Hazard;
- (d) Paragraph B.1.e. Utility Services; and
- (e) Paragraph B.1.f. War And Military Action.

- (2) The following additional exclusions apply to insurance under this Coverage Form:

(a) Contractual Liability

We will not defend any claim or "suit", or pay damages that you are legally liable to pay, solely by reason of your assumption of liability in a contract or agreement. But this exclusion does not apply to a written lease agreement in which you have assumed liability for building damage resulting from an actual or attempted burglary or robbery, provided that:

(i) Your assumption of liability was executed prior to the accident; and

(ii) The building is Covered Property under this Coverage Form.

**(b) Nuclear Hazard**

We will not defend any claim or "suit", or pay any damages, loss, expense or obligation, resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

**5. Additional Exclusion**

The following provisions apply only to the specified property:

**Loss Or Damage To Products**

We will not pay for loss or damage to any merchandise, goods or other product caused by or resulting from error or omission by any person or entity (including those having possession under an arrangement where work or a portion of the work is outsourced) in any stage of the development, production or use of the product, including planning, testing, processing, packaging, installation, maintenance or repair. This exclusion applies to any effect that compromises the form, substance or quality of the product. But if such error or omission results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

**C. Limitations**

The following limitations apply to all policy forms and endorsements, unless otherwise stated:

1. We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.

a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the

gases of combustion pass.

b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.

c. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:

(1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or

(2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.

d. Building materials and supplies not attached as part of the building or structure, caused by or resulting from theft.

However, this limitation does not apply to:

(1) Building materials and supplies held for sale by you, unless they are insured under the Builders Risk Coverage Form; or

(2) Business Income Coverage or Extra Expense Coverage.

e. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.

f. Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.

g. Lawns, trees, shrubs or plants which are part of a vegetated roof, caused by or resulting from:

(1) Dampness or dryness of atmosphere or of soil supporting the vegetation;

(2) Changes in or extremes of temperature;

(3) Disease;

(4) Frost or hail; or

(5) Rain, snow, ice or sleet.

2. We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:

- a. Animals, and then only if they are killed or their destruction is made necessary.
- b. Fragile articles such as statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:

(1) Glass; or

(2) Containers of property held for sale.

- c. Builders' machinery, tools and equipment owned by you or entrusted to you, provided such property is Covered Property.

However, this limitation does not apply:

(1) If the property is located on or within 100 feet of the described premises, unless the premises is insured under the Builders Risk Coverage Form; or

(2) To Business Income Coverage or to Extra Expense Coverage.

3. The special limit shown for each category, a. through d., is the total limit for loss of or damage to all property in that category. The special limit applies to any one occurrence of theft, regardless of the types or number of articles that are lost or damaged in that occurrence. The special limits are (unless a higher limit is shown in the Declarations):

- a. \$2,500 for furs, fur garments and garments trimmed with fur.
- b. \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semiprecious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.
- c. \$2,500 for patterns, dies, molds and forms.
- d. \$250 for stamps, tickets, including lottery tickets held for sale, and letters of credit.

These special limits are part of, not in addition to, the Limit of Insurance applicable to the Covered Property.

This limitation, C.3., does not apply to Business Income Coverage or to Extra

Expense Coverage.

4. We will not pay the cost to repair any defect to a system or appliance from which water, other liquid, powder or molten material escapes. But we will pay the cost to repair or replace damaged parts of fire-extinguishing equipment if the damage:

a. Results in discharge of any substance from an automatic fire protection system; or

b. Is directly caused by freezing.

However, this limitation does not apply to Business Income Coverage or to Extra Expense Coverage.

#### D. Additional Coverage - Collapse

The coverage provided under this Additional Coverage, Collapse, applies only to an abrupt collapse as described and limited in D.1. through D.7.

1. For the purpose of this Additional Coverage, Collapse, abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.

2. We will pay for direct physical loss or damage to Covered Property, caused by abrupt collapse of a building or any part of a building that is insured under this Coverage Form or that contains Covered Property insured under this Coverage Form, if such collapse is caused by one or more of the following:

a. Building decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;

b. Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;

c. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs during the course of the construction, remodeling or renovation.

d. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs after the construction, remodeling or renovation is complete, but only if the collapse is caused in part by:

(1) A cause of loss listed in 2.a. or 2.b.;



(2) One or more of the "specified causes of loss";

(3) Breakage of building glass;

(4) Weight of people or personal property; or

(5) Weight of rain that collects on a roof.

3. This Additional Coverage - Collapse does not apply to:

a. A building or any part of a building that is in danger of falling down or caving in;

b. A part of a building that is standing, even if it has separated from another part of the building; or

c. A building that is standing or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

4. With respect to the following property:

a. Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers;

b. Awnings, gutters and downspouts;

c. Yard fixtures;

d. Outdoor swimming pools;

e. Fences;

f. Piers, wharves and docks;

g. Beach or diving platforms or appurtenances;

h. Retaining walls; and

i. Walks, roadways and other paved surfaces;

If an abrupt collapse is caused by a cause of loss listed in 2.a. through 2.d., we will pay for loss or damage to that property only if:

(1) Such loss or damage is a direct result of the abrupt collapse of a building insured under this Coverage Form; and

(2) The property is Covered Property under this Coverage Form.

5. If personal property abruptly falls down or caves in and such collapse is not the result of abrupt collapse of a building, we will pay for loss or damage to Covered Property caused by such collapse of personal property only if:

a. The collapse of personal property was

caused by a cause of loss listed in 2.a. through 2.d.;

b. The personal property which collapses is inside a building; and

c. The property which collapses is not of a kind listed in 4., regardless of whether that kind of property is considered to be personal property or real property.

The coverage stated in this Paragraph 5. does not apply to personal property if mar- r- ing and/or scratching is the only damage to that personal property caused by the collapse.

6. This Additional Coverage, Collapse, does not apply to personal property that has not abruptly fallen down or caved in, even if the personal property shows evidence of cracking, bulging, sagging, bending, lean- ing, settling, shrinkage or expansion.

7. This Additional Coverage, Collapse, will not increase the Limits of Insurance provided in this Coverage Part.

8. The term Covered Cause of Loss includes the Additional Coverage, Collapse, as described and limited in D.1. through D.7.

#### E. Additional Coverage - Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria

1. The coverage described in E.2. and E.6. only applies when the "fungus", wet or dry rot or bacteria are the result of one or more of the following causes that occur during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence:

a. A "specified cause of loss" other than fire or lightning; or

b. Flood, if the Flood Coverage Endorse- ment applies to the affected premises.

This Additional Coverage does not apply to lawns, trees, shrubs or plants which are part of a vegetated roof.

2. We will pay for loss or damage by "fungus", wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:

a. Direct physical loss or damage to Covered Property caused by "fungus", wet or dry rot or bacteria, including the cost of removal of the "fungus", wet or dry rot or bacteria;

b. The cost to tear out and replace any part of the building or other property as



needed to gain access to the "fungus", wet or dry rot or bacteria; and

- a. The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot or bacteria are present.
3. The coverage described under E.2. of this Limited Coverage is limited to \$15,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of "specified causes of loss" (other than fire or lightning) and Flood which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungus", wet or dry rot or bacteria, we will not pay more than a total of \$15,000 even if the "fungus", wet or dry rot or bacteria continue to be present or active, or recur, in a later policy period.
4. The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungus", wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.  
If there is covered loss or damage to Covered Property, not caused by "fungus", wet or dry rot or bacteria, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungus", wet or dry rot or bacteria cause an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.
5. The terms of this Limited Coverage do not increase or reduce the coverage provided under Paragraph F.2. (Water Damage, Other Liquids, Powder Or Molten Material Damage) of this Causes Of Loss form or under the Additional Coverage, Collapse.
6. The following, 6.a. or 6.b., applies only if Business Income and/or Extra Expense Coverage applies to the described premises and only if the "suspension" of "operations" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense Coverage Form:
  - a. If the loss which resulted in "fungus", wet or dry rot or bacteria does not in

itself necessitate a "suspension" of "operations", but such "suspension" is necessary due to loss or damage to property caused by "fungus", wet or dry rot or bacteria, then our payment under Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.

- b. If a covered "suspension" of "operations" was caused by loss or damage other than "fungus", wet or dry rot or bacteria but remediation of "fungus", wet or dry rot or bacteria prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

#### F. Additional Coverage Extensions

##### 1. Property in Transit

This Extension applies only to your personal property to which this form applies.

- a. You may extend the insurance provided by this Coverage Part to apply to your personal property (other than property in the care, custody or control of your salespersons) in transit more than 100 feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory.
- b. Loss or damage must be caused by or result from one of the following causes of loss:
  - (1) Fire, lightning, explosion, wind-storm or hail, riot or civil commotion, or vandalism.
  - (2) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the roadbed.
  - (3) Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.
- c. The most we will pay for loss or damage under this Extension is

\$5,000.

This Coverage Extension is additional insurance. The Additional Condition, Coin-surance, does not apply to this Extension.

**2. Water Damage, Other Liquids, Powder Or Molten Material Damage**

If loss or damage caused by or resulting from covered water or other liquid, powder or molten material damage loss occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes. This Coverage Extension does not increase the Limit of Insurance.

**3. Glass**

- a. We will pay for expenses incurred to put up temporary plates or board up openings if repair or replacement of damaged glass is delayed.
- b. We will pay for expenses incurred to remove or replace obstructions when repairing or replacing glass that is part of a building. This does not include removing or replacing window displays.

This Coverage Extension F.3. does not increase the Limit of Insurance.

**G. Definitions**

1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
2. "Specified causes of loss" means the following: fire; lightning; explosion; wind-storm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire-extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.
  - a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
    - (1) The cost of filling sinkholes; or
    - (2) Sinking or collapse of land into man-made underground cavities.
  - b. Falling objects does not include loss or damage to:
    - (1) Personal property in the open; or
    - (2) The interior of a building or struc-

ture, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

**c. Water damage means:**

- (1) Accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains water or steam; and
- (2) Accidental discharge or leakage of water or waterborne material as the direct result of the breaking apart or cracking of a water or sewer pipe that is located off the described premises and is part of a municipal potable water supply system or municipal sanitary sewer system, if the breakage or cracking is caused by wear and tear.

But water damage does not include loss or damage otherwise excluded under the terms of the Water Exclusion. Therefore, for example, there is no coverage under this policy in the situation in which discharge or leakage of water results from the breaking apart or cracking of a pipe which was caused by or related to weather-induced flooding, even if wear and tear contributed to the breakage or cracking. As another example, and also in accordance with the terms of the Water Exclusion, there is no coverage for loss or damage caused by or related to weather-induced flooding which follows or is exacerbated by pipe breakage or cracking attributable to wear and tear.

To the extent that accidental discharge or leakage of water falls within the criteria set forth in c.(1) or c.(2) of this definition of "specified causes of loss," such water is not subject to the provisions of the Water Exclusion which preclude coverage for surface water or water under the surface of the ground.

COMMERCIAL PROPERTY  
CP 14 10 06 95

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ADDITIONAL COVERED PROPERTY**

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM  
 CONDOMINIUM ASSOCIATION COVERAGE FORM  
 CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM  
 STANDARD PROPERTY POLICY  
 DIC-1

The following is withdrawn from PROPERTY NOT COVERED and added to COVERED PROPERTY:

**SCHEDULE\***

Prem. No.	Bldg. No.	Paragraph Reference	Description of Property	Type of Property Coverage (Enter BUILDING or PERSONAL PROPERTY)
ALL	ALL	A.2.j.	PILINGS, PIERS, WHARVES OR DOCKS	BUILDING

\* Information required to complete this Schedule, if not shown on this endorsement, will be shown in the  
 Declarations.

IL 09 53 01 15

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**EXCLUSION OF CERTIFIED ACTS OF TERRORISM**

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART  
 COMMERCIAL INLAND MARINE COVERAGE PART  
 COMMERCIAL PROPERTY COVERAGE PART  
 CRIME AND FIDELITY COVERAGE PART  
 EQUIPMENT BREAKDOWN COVERAGE PART  
 FARM COVERAGE PART  
 STANDARD PROPERTY POLICY

**SCHEDULE**

The Exception Covering Certain Fire Losses (Paragraph C) applies to property located in the following state(s), if covered under the indicated Coverage Form, Coverage Part or Policy:

State(s)	Coverage Form, Coverage Part Or Policy
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

- A. The following definition is added with respect to the provisions of this endorsement:

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

- B. The following exclusion is added:

**CERTIFIED ACT OF TERRORISM EXCLUSION**

We will not pay for loss or damage caused directly or indirectly by a "certified act of terrorism". Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

- C. Exception Covering Certain Fire Losses

The following exception to the exclusion in Paragraph B. applies only if indicated and as indicated in the Schedule of this endorsement.

If a "certified act of terrorism" results in fire, we will pay for the loss or damage caused by that fire. Such coverage for fire applies only to direct loss or damage by fire to Covered Property. Therefore, for example, the coverage does not apply to insurance provided under Business Income and/or Extra Expense coverage forms or endorsements which apply to those forms, or to the Legal Liability Coverage Form or the Leasehold Interest Coverage Form.



If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

**D. Application Of Other Exclusions**

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this Coverage Part or Policy, such as losses excluded by the Nuclear Hazard Exclusion or the War And Military Action Exclusion.

Unofficial Copy Office of Marilyn Burgess District Clerk

## AmRISC ENHANCEMENT PLUS ENDORSEMENT

In consideration of the premium charged, it is agreed and understood that the following changes are made to this policy:

I. The following amendments are made to the indicated forms, if attached to this policy:

A. AmRisc Property Endorsement (AR PE or AROL PE):

The "Ordinance or Law Coverage Amendment" clause is deleted.

B. Business Income (without Extra Expense) CP 00 32 or Business Income (and Extra Expense) CP 00 30:

1) The Extended Period of Indemnity is amended on the following forms:

a) Business Income (without Extra Expense) CP 00 32:

Par. A.4.d. (1) (b) (ii) is amended to state:

(ii) 180 consecutive days after the date determined in (1) (a) above.

Par. A.4.d. (2) (b) (ii) is amended to state:

(ii) 180 consecutive days after the date determined in (2) (a) above.

b) Business Income (and Extra Expense) CP 00 30:

Par. A.5.c. (1) (b) (ii) is amended to state:

(ii) 180 consecutive days after the date determined in (1) (a) above.

Par. A.5.c. (2) (b) (ii) is amended to state:

(ii) 180 consecutive days after the date determined in (2) (a) above.

2) If shown on the Supplemental Declarations CP 12 05 - Optional Coverages:

The Monthly Limitation as respects Business Income is revised to 1/3<sup>rd</sup> monthly limitation SUBJECT TO verification at the time and place of loss that the Insured has reported on the submitted AmRisc App-SOV 100% of the annual Business Income (or Rental Income), including Extra Expense (if covered).

3) Civil Authority:

a) Business Income (without Extra Expense) CP 00 32:

Par. A.4.b.Civil Authority, paragraph immediately following paragraph b.(2), is amended to state:

Civil Authority Coverage will begin 72 hours after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to six consecutive weeks from the date on which such coverage began.

The Company shall not be liable for more than the lesser of: the scheduled Business Income limit or \$2,500,000 per occurrence.

b) Business Income (and Extra Expense) CP 00 30:

Par. A.5.a. Civil Authority, paragraph immediately following paragraph a.(2) is amended to state:

Civil Authority Coverage for Business Income will begin 72 hours after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to six consecutive weeks from the date on which such coverage began.

Civil Authority Coverage for Extra Expense will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will end:

- (1) Six consecutive weeks after the date of that action; or
- (2) When your Civil Authority Coverage for Business Income ends;

whichever is later.

The Company shall not be liable for more than the lesser of: the scheduled Business Income limit or \$2,500,000 per occurrence.

4) Ingress/Egress:

This Policy is extended to cover the actual loss sustained during the period of time when ingress to or egress from the Insured's real or personal property is prohibited as a direct result of a Covered Cause of Loss to real property not insured hereunder.

Coverage will begin 72 hours after the Covered Cause of Loss that prohibits ingress or egress to the insured premises and will apply for a period of up to six consecutive weeks from the date on which such coverage began.

In no event will the Company pay more than \$2,500,000 any one occurrence.

In the event loss or damage involves this Ingress/Egress extension and the Civil Authority extension, the Company shall not be liable for more than the scheduled Business Income limit or \$2,500,000 any one occurrence, whichever is less, as respects both coverages combined.

C. Building & Personal Property CP 00 10 and Condominium Association CP 00 17:

- 1) The Vacancy Provisions (CP 00 10 - Par. E.6.b. and CP 00 17 - Par. E. 7.b.) are waived for properties identified as "vacant" on the Statement of Values (SOV). For a newly vacated property, the Insured has 60 days to report it to AmRisc before a coverage change. If the Insured reports within this 60 day period, the property will be considered "identified vacant" and will have the full coverage of the policy and the Vacancy Provisions will be waived.

If a vacant location is not identified and reported to AmRisc on the SOV or within 60 days of becoming vacant, the location will be subject to twice the original applicable Deductible, or \$50,000, whichever is higher. The Vacancy Provisions will be waived.

The carriers have the option to surcharge the vacant location effective as of the vacancy date for up to 15% of the account rate when the location's values are more than 10% of the total values insured by the policy.

D. AmRisc Cat Covered Property AR CCP Endorsement:

1) The following additional sublimits shall apply:

\$ As per Statement of Values: Per Occurrence as regards signs, fences or lightpoles, provided these items & limits are scheduled as such.

\$ As per Statement of Values: Per Occurrence as regards garages and sheds, provided these items & limits are scheduled as such.

The scheduled items sublimited above are not subject to the separate Wind deductible provisions. The Wind deductibles as stated in the policy will apply.

E. Ordinance or Law Coverage AR 04 05

Item 2 on Page 1 regarding the 50% damage requirement point is deleted.

2. Ordinance or Law Increased Period of Restoration CP 15 31:

Provided this policy covers both Business Income (with or without Extra Expense) and Ordinance or Law (per Form AR 04 05), the policy is extended to cover Ordinance or Law Increased Period of Restoration per the attached form (if not already attached to the policy).

3. Special Premium Provisions as respects deletion or addition of locations:

A. Subject to receipt of closing documents within 30 days of closing, this policy allows pro-rata return premium for locations sold (but not for loss of management contract), subject to a maximum of 25% of scheduled values.

B. Subject to receipt of closing documents, this policy allows pro-rata additional premium for locations purchased during the policy term. Construction of like kind and quality shall be added at the account rate. Locations of differing kind and quality must be approved by AmRisc prior to attachment.

**All extensions of coverage and sublimits provided herein are within the Limits of Liability otherwise stated in the policy, not in addition to the Limits of Liability.**

All other terms and conditions remain unchanged.



COMMERCIAL PROPERTY  
CP 15 31 10 12

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## ORDINANCE OR LAW – INCREASED PERIOD OF RESTORATION

This endorsement modifies insurance provided under the following:

BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM  
BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM  
EXTRA EXPENSE COVERAGE FORM

- A.** If a Covered Cause of Loss occurs to property at the premises described in the Declarations, coverage is extended to include the amount of actual and necessary loss you sustain during the increased period of "suspension" of "operations" caused by or resulting from a requirement to comply with any ordinance or law that:
1. Regulates the construction or repair of any property;
  2. Requires the tearing down of parts of any property not damaged by a Covered Cause of Loss; and
  3. Is in force at the time of loss.
- However, coverage is not extended under this endorsement to include loss caused by or resulting from the enforcement of or compliance with any ordinance or law which requires:
1. The demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or
  2. Any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot or bacteria.
- B.** The period of restoration definition is replaced by the following:
- "Period of restoration" means the period of time that:
- a. Begins:
    - (1) 72 hours after the time of direct physical loss or damage for Business Income coverage; or
    - (2) Immediately after the time of direct physical loss or damage for Extra Expense coverage; caused by or resulting from any Covered Cause of Loss at the described premises; and
    - b. Ends on the earlier of:
      - (1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
      - (2) The date when business is resumed at a new permanent location.
- "Period of restoration" includes any increased period required to repair or reconstruct the property to comply with the minimum standards of any ordinance or law, in force at the time of loss, that regulates the construction or repair, or requires the tearing down of any property.
- The expiration date of this policy will not cut short the "period of restoration".
- C.** The following definition is added:
- "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.

## CYBER Endorsement

Please read this Endorsement carefully.

### Notice

Capitalized terms that appear in bold face type are defined in the Definitions section of this Endorsement. Terms with capitalized first letters are defined in more detail in the Schedule below or as the context requires.

Coverage under this Endorsement is provided on a claims made and reported basis and applies only to **Claims** first made against the **Insured** during the Policy Period or to **Loss** discovered during the Policy Period, and applies only to an act, fact, error, omission, event, incident, occurrence, claim or circumstance that occurs on or after the **Retroactive Date** and is reported to **Underwriters** during the Policy Period or **Extended Reporting Period**, if applicable.

**Defense Expenses** shall reduce the applicable Limits of Liability, subject to any applicable **Retention**, and may completely exhaust the Limit of Liability.

This Endorsement only affords coverage under those **Insured Coverages** below that are indicated in Item 1 of the **Schedule**.

### Schedule

#### 1. Limits & Retention

Annual Aggregate Limit: \$50,000

Retention each and every claim: \$2,500

Coverage	Sublimit	Retention / Waiting Period (hours/days)
A Business Interruption	\$50,000	\$2,500 / 12 hours (whichever is greater)
B Data Destruction	\$50,000	\$2,500
C Security and Privacy Liability	\$50,000	\$2,500
D Regulatory Defense and Penalties	\$50,000	\$2,500
E Multimedia Liability	\$50,000	\$2,500

#### 2. Premium

See Contract Allocation Page

#### 3. Retroactive Date

Inception date of this Policy

#### 4. Notification of Claims

TMK 24/7 Emergency Hotline: 844-492-3248

### Insuring Agreements

In consideration of the payment of the premium and in reliance upon the **Application**, the **Underwriters** agree to indemnify the **Insured** in excess of the **Retention** and after the expiration of the **Waiting Period**, if applicable, for:

- (a) **Loss** notified in writing to **Underwriters** within the **Policy Period** provided that the **Privacy Breach**, **Security Breach**, **Administrative Error**, **Power Failure**, and **Adverse Media Event** first occurred on or after the applicable **Retroactive Date**;
- (b) **Damages and Defense Expenses** which the **Insured** is legally obligated to pay as a result of a **Claim** first made against the **Insured** during the **Policy Period**, and is reported to the **Underwriters** during the **Policy Period** or **Extended Reporting Period**, if applicable, provided that the **Privacy Breach**, **Security Breach**, and **Multimedia Activities** first occurred on or after the applicable **Retroactive Date**.

#### **Insured Coverages:**

##### **Coverage A - Business Interruption**

**Income Loss, Operating Expenses and Extra Expense**, incurred during the **Interruption Period** and after expiration of the **Waiting Period**, directly as a result of the total or partial interruption or degradation in service of the **Computer System** caused directly by a **Security Breach**, **Administrative Error** or **Power Failure**.

##### **Coverage B - Digital Asset Destruction**

**Digital Asset Loss** incurred as a direct and necessary result of a **Privacy Breach**, **Security Breach** or **Administrative Error**. If it is determined that those **Digital Assets** cannot be restored or recreated, the **Underwriters** will only reimburse the **Insured's** expenses incurred up to the date of such determination.

##### **Coverage C - Incident Response Expenses**

**Breach Response Expenses and Crisis Communication Expenses** incurred as a result of an actual or alleged **Privacy Breach** or **Security Breach**.

##### **Coverage D - Security and Privacy Liability**

**Damages and Defense Expenses** which the **Insured** is legally obligated to pay as a result of a **Security Breach** or **Privacy Breach**.

##### **Coverage E - Regulatory Defense and Penalties**

**Regulatory Fines and Penalties and Defense Expenses** which the **Insured** is legally obligated to pay as a result of a **Security Breach** or **Privacy Breach**.

##### **Coverage F - Multimedia Liability**

**Damages and Defense Expenses** which the **Insured** is legally obligated to pay as a result of a **Claim** arising from **Multimedia Activities**.

### Exclusions

The **Underwriters** shall not be liable for any **Claim**, **Defense Expenses** or **Loss** arising out of or in any way attributable to:

#### **Prior Knowledge or Notification**

Any act, fact, error, omission, event, incident, occurrence, claim or circumstance likely to give rise to a claim notified to a previous insurer, or which commenced prior to the **Inception Date** of this **Policy** if at that **Inception Date** the **Control Group** knew or should reasonably have foreseen the act, fact, error, omission, event, incident, or occurrence as likely to form the basis for a claim or **Loss** under this **Policy**;

**Betterment**

The financial cost of improvements in respect of the **Insured's Computer System** following a **Privacy Breach, Security Breach, or Administrative Error** which results in better than like kind or quality than that existing at the date of such **Privacy Breach or Security Breach**.

**Property Damage**

Physical injury to, or impairment, destruction, or corruption of, any tangible property (including personal property in the care, custody or control of the **Insured** or as to which the **Insured** is for any purpose exercising physical control), including the use thereof. **Data** is not tangible property.

**Electrical or mechanical failures**

Outage to telecommunications or utility infrastructure, unless under the **Insured's** direct operational control.

**Natural Disasters**

A natural disaster or physical event, including fire, smoke, explosion, lightning, wind, water, flood, earthquake, volcanic eruption, tidal wave, landslide, hail or any other physical event however caused.

**Bodily Injury**

Bodily harm, sickness, or disease, including resulting death. However, this exclusion shall not apply to emotional distress or mental anguish.

**Loss of funds**

- (a) Loss, decrease in value or theft of securities or currency;
- (b) Trading losses, liabilities or changes in trading account value, or
- (c) Value of electronic fund transfer or wire transfer.

**Unauthorized Trading**

Trading by an **Insured** which, at the time of the trade is:

- (a) In excess of permitted financial limits; or
- (b) Outside of permitted product lines.

**Insolvency or Bankruptcy**

The **Insured's** insolvency or bankruptcy or the insolvency or bankruptcy of any other entity including the failure, inability, or unwillingness to make payments owing to insolvency, liquidation, or bankruptcy.

**Insured versus Insured**

Any **Claim** made by an **Insured** against another **Insured**. However, this exclusion shall not apply to any **Claim** brought by an **Employee** outside of the **Control Group**, as a result of a **Privacy Breach or Security Breach**.

**Excluded Industries**

A company whose primary activity is any of the following: Data aggregators; Payment processing; Debt collectors; Embassies and other Government occupied buildings, except State and Local Municipalities and/or hospitals; Gambling; Adult Entertainment; Social media and dating sites; SMART phone apps; Bitcoin;

**Insured Misconduct**

The **Insured's** willful, deliberate, malicious, fraudulent, dishonest, or criminal act with the knowledge, connivance or acquiescence of any member of the **Control Group**.

**Infringement of patents or trade secrets**

The actual or alleged infringement of any patent or the misappropriation, theft, copying, display or publication of any trade secret.

**Intellectual Property**

Misappropriation or infringement of any intellectual property right or patent.



**Employer-employee relations**

Any employer-employee relations, policies, practices, acts or omissions, any actual or alleged refusal to employ any person, or any misconduct (including sexual or physical misconduct) with respect to **Employees**. However, this exclusion does not apply to a **Privacy Breach**;

**Use of illegal or unlicensed programs**

Use of illegal or unlicensed programs that leads to a **Privacy Breach** or **Security Breach**;

**Negligent Design or Configuration**

Negligent design, architecture, or configuration of the **Computer System**;

**Payment Card Industry Expenses**

Any expenses, penalties or assessments the **Insured** is legally obligated to pay under the terms of a Merchant Services Agreement as a result of the **Insured's** actual or alleged non-compliance with Payment Card Industry Data Security Standards.

**Government Intervention**

Non-discriminatory measures of a government taken in the public interest for the purposes of ensuring public safety, raising revenues, protecting the environment or regulating economic activities;

**Unlawful Collection**

The actual or alleged unlawful collection or acquisition of personally identifiable information by or the distribution of unsolicited email, direct mail, or facsimiles, wiretapping, eavesdropping, audio or video recording, or telemarketing, if such distribution, wiretapping or recording is done by or on behalf of the **Insured**;

**Unencrypted Media**

Any theft of, loss of, or parting with, any portable computing device or media containing data in an electronic format, unless the data stored on such device or media is stored in an encrypted format.

**Legislation**

- (a) Any actual or alleged unfair competition, price fixing, deceptive trade practices, or restraint of trade; or violation of any anti-trust statute, legislation or regulation, or any consumer protection statute, legislation, or regulation.
- (b) The violation of any applicable economic or trade sanctions imposed by the United States or other government including sanctions administered and enforced by the United States Treasury Department's Office of Foreign Assets Control;
- (c) The actual or alleged purchase, sale, offer of, or solicitation of an offer to purchase or sell securities, or violation of any securities law including the Securities Act of 1933, the Securities Exchange Act of 1934, the Sarbanes-Oxley Act of 2002, including 'Blue Sky' laws;
- (d) The actual or alleged violation of the Organized Crime Control Act of 1970 ('RICO');
- (e) The actual or alleged government enforcement of any state or federal regulation including regulations promulgated by the United States Federal Trade Commission, Federal Communications Commission, or the Securities and Exchange Commission; however, this exclusion does not apply to the extent that a **Claim** falls under **Insured Coverage E**;
- (f) Any breach or alleged breach of any workers' compensation or similar laws, including the Federal Employers Liability Act;
- (g) Any violation of any pension, healthcare, welfare, profit sharing, mutual, or investment plans, funds, or trusts, or any violation of any provision of the Employee Retirement Income Security Act of 1974 and/or the Pension Protection Act of 2006;
- (h) The violation of, or exposure of the Underwriters to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America;
- (i) the Telephone Consumer Protection Act;
- (j) the CAN-SPAM Act of 2003.

**Breach of contract, warranty, guarantee or promise**

Any intentional breach of contract.

**Liability of others assumed under contract or agreement**

The liability of others assumed by the **Insured** by contract or agreement (including any containing any estimate of liquidated damages) predating the act, error, omission or event giving rise to such liability, unless liability would exist absent the specific contract.

**Definitions**

**Administrative Error**

An error or omission by an **Employee** in the input, processing or output of **Insured's Digital Assets** or the **Computer System** operation or maintenance.

**Adverse Media Event**

A report in the media of a **Privacy Breach** or **Security Breach** including via newspapers, radio, television, internet, blogging, vlogging and social media.

**Application**

All information provided by or on behalf of the **Insured** to the **Underwriters** as part of any request for this Insurance (or any renewal or variation) including any application submitted by an **Insured** in prior policy periods.

**Breach Response Expenses**

- (a) Costs of an external IT security expert to determine the cause, scope and extent of the **Privacy Breach** or **Security Breach**;
- (b) Costs and expenses of a legal firm to determine the applicability of any actions necessary to comply with **Privacy Regulations**;
- (c) Notification costs and related expenses to notify:
  - i. Individuals who are required to be notified in compliance with **Privacy Regulations** mandating notification; or
  - ii. at the **Underwriters'** discretion, to individuals residing in states, provinces or countries that do not have mandatory notification laws or regulations;
- (d) Costs of setting up a telephone call center in order to support notified individuals and to provide credit file monitoring services and/or identity theft assistance.

**Claim**

A written notice received by any **Insured** during the Policy Period of an intention to hold the **Insured** responsible for **Damages** including the service of legal proceedings, the institution of arbitration or mediation or similar proceedings, or a written request to toll or waive a statute of limitations against any of the **Insureds**, a formal civil administrative proceeding to the extent covered by **Insured Coverage E**.

**Computer System**

A system of interconnected hardware and peripherals, and associated software, operated by the **Insured**;

**Control Group**

Any of the Chief Executive Officer, Chief Financial Officer, Chief Information Officer, Chief Operating Officer, Chief Information Security Officer, Risk Manager or equivalent, or a member of the Risk Management department responsible for placing and maintaining this insurance.

**Crisis Communications Expenses**

Expenses reasonably incurred by the **Insured** and approved in advance by the **Underwriters** for the employment of a public relations consultant if the **Insured** reasonably considers that action is needed in order to avert or mitigate an **Income Loss** or **Adverse Media Event**.

**Damages**

The amount an **Insured** is legally obligated to pay in respect of a **Claim**, including a monetary judgment, award, or settlement, interest and a claimant's legal costs and punitive and exemplary damages, to the extent such damages are insurable under the law pursuant to which this Endorsement is construed; and a formal civil administrative proceeding or regulatory action to the extent covered by **Insured Coverage E**.

**Damages** shall not include:

- (a) future profits or royalties, restitution, or disgorgement of the **Insured's** profits;
- (b) the cost of complying with orders granting injunctive or non-monetary relief, including specific performance, or any agreement to provide such relief;
- (c) loss of the **Insured's** fees or profits, return or offset of the **Insured's** fees or charges (invoiced or not), or the **Insured's** commissions or royalties provided or contracted to be provided;
- (d) fines, taxes or loss of tax benefits, sanctions or **Regulatory Fines and Penalties** unless covered under **Insured Coverage E**;
- (e) liquidated damages to the extent that such damages exceed the amount for which the **Insured** would have been liable in the absence of such liquidated damages agreement;
- (f) any amount which the **Insured** is not legally obligated to pay; and
- (g) amounts which are uninsurable under the law pursuant to which this Policy is construed.

#### **Data**

Information represented, transmitted or stored electronically or digitally including code, or a series of instructions, operating systems programs, software and firmware;

#### **Defense Expenses**

Fees charged by an attorney to defend a **Claim** and costs and expenses resulting from the investigation, adjustment, defense and appeal of a **Claim** incurred with the **Underwriters'** prior written consent, or such fees and costs incurred by an attorney from the Vendors pre-approved by the Underwriters.

#### **Denial of Service**

Unauthorized interference or malicious attack that restricts or prevents access to the **Computer System** for entities authorized to gain access.

#### **Digital Asset Loss**

Expenses incurred to restore or recreate **Digital Assets**.

#### **Digital Assets**

Digital files including data, computer programs, documents and audio content stored on the **Computer System**.

#### **Employee**

Any person employed by the **Insured** under a contract of service with the **Insured**, whose labor or service is currently or has formerly been engaged by and directed solely while acting in such capacity by the **Insured**.

#### **Extra Expense**

Expenses incurred to avoid or minimize the suspension of business as a result of the total or partial interruption, degradation in service, or failure of the **Computer System** caused by a **Privacy Breach**, **Security Breach**, **Administrative Error** or **Power Failure**. The amount of such **Extra Expense** recoverable shall in no event exceed the amount already accounted for in the covered **Income Loss** that is reduced by such incurred expenses.

#### **Income Loss**

The net loss of profit, before deduction of income tax, that is reasonably projected to have been earned had no **Privacy Breach**, **Security Breach**, **Administrative Error** or **Power Failure** occurred. Such income projection will take into account the experience of the **Insured's** business during the previous twelve months, and the probable experience had no **Privacy Breach**, **Security Breach**, **Administrative Error** or **Power Failure** occurred (from the date thereof). **Income Loss** shall be limited to the loss incurred during the **Interruption Period** and after the expiration of the **Waiting Period**.

#### **Insured**

- (a) The entity specified in the Policy;
- (b) Any **Subsidiary** whilst a **Subsidiary**;

#### **Interruption Period**

The period of time that commences when the interruption, degradation or failure of the **Computer System** begins, and ends on the earlier of:

- (a) the date of restoration of the **Computer System**, plus up to 30 days after such to allow for restoration of the **Insured's** business; or
- (b) 120 days.

#### **Loss**

Any or all of **Income Loss**, **Operating Expenses**, **Extra Expense**, **Breach Response Expenses**, **Regulatory Fines and Penalties**, or **Crisis Communications Expenses**.

#### **Malicious Code**

Software intentionally designed to damage **Digital Assets** or a **Computer System** without the owner's informed consent by a variety of forms including, but not limited to, virus, worm, Trojan horses, spyware, dishonest adware, and crimewares.

#### **Multimedia Activities**

The release or display of any electronic media on the **Insured's** website that is under the direct sole control of the **Insured** and directly results in any of the following:

- (a) Defamation, libel, slander, product disparagement or trade libel, including emotional distress, outrage or outrageous conduct directly resulting from the foregoing;
- (b) Infringement, interference, or invasion of an individual's right of privacy or publicity, including false light, intrusion upon seclusion, commercial misappropriation of likeness, and public disclosure of private facts;
- (c) Plagiarism, piracy or misappropriation of ideas under an implied contract;
- (d) Infringement of copyright, trademark, trade name, trade dress, title, slogan, service mark or service name; or
- (e) Domain name infringement or improper deep-linking or framing.

#### **Operating Expenses**

Fixed operating expenses that must continue during the **Interruption Period** (including ordinary payroll), but only to the extent that such operating expenses are affected by the total or partial interruption or degradation in service of the **Computer System**.

#### **Power Failure**

Failure in electrical power supply, but only where such power is under the direct operational control of the **Insured**.

#### **Privacy Breach**

A breach of confidentiality, infringement, or violation of any right to privacy or of the **Privacy Regulations**.

#### **Privacy Regulations**

Statutes, laws and regulations associated with the confidentiality, access, control, and use of personally identifiable, non-public information including:

- (a) Health Insurance Portability and Accountability Act of 1996 (Public Law 104- 191);
- (b) Gramm-Leach-Bliley Act of 1999, also known as the Financial Services Modernization Act of 1999;
- (c) State and Federal statutes and regulations regarding the security and privacy of consumer information;
- (d) Governmental privacy protection regulations or laws associated with the control and use of personal information;
- (e) Privacy provisions of consumer protection laws, including the Federal Fair Credit Reporting Act;
- (f) Children's Online Privacy Protection Act;
- (g) any statute, ordinance or regulation that prohibits or limits the sending, transmitting, communicating or distribution of material or information; and
- (h) The EU Data Protection Act or other similar privacy laws worldwide.

#### **Regulatory Fines and Penalties**

Civil fines, monetary penalties payable or a monetary amount which the **Insured** is legally obligated to deposit in a fund as equitable relief imposed by a governmental agency or regulatory authority as a result of a breach of the **Privacy Regulations**.



**Retention**

The figure specified in Item 1 of the Schedule that is payable by the **Insured** in respect of every **Claim** and **Loss**.

**Retroactive Date**

The date specified in Item 3 of the Schedule.

**Security Breach**

- (a) **Unauthorized use of the Computer System;**
- (b) **Denial of Service;**
- (c) **Malicious Code;**
- (d) **The failure to prevent or hinder participation in a Denial of Service from a Computer System.**

A series of continuing **Security Breaches**, or related or repeated **Security Breaches**, shall be considered a single **Security Breach** and be deemed to have occurred at the time of the first such **Security Breach**.

**Subsidiary**

Any entity with more than 50% of the outstanding voting securities representing the present right to vote for the election or appointment or designation of such entity's directors, managers or equivalent that are owned or controlled by the **Insured** directly or indirectly; or any joint venture which the **Insured** has managerial control, or which it has the right to elect or designate or otherwise appoint or directly or indirectly control the appointment of more than 50% of such entity's directors, trustees, managers or equivalent.

**Unauthorized Use**

The use of a **Computer System** by an unauthorized person or an authorized person in an unauthorized manner.

**Underwriters**

Tokio Marine Kiln Group and any underwriters or insurers identified in the Policy as providing the insurance covered by this Endorsement.

**Waiting Period**

The period specified in Item 1 of the Schedule, applicable to **Insured Coverage A**, which must expire prior to any right of indemnity hereunder.

**Claims Conditions****1. Notice of Claim or Circumstance**

As a condition precedent to any coverage under this Policy, if, during the Policy Period, the **Insured** becomes aware of a **Claim** or the need to incur **Loss**, or of any incidents, acts, errors or omissions that could reasonably result in **Loss** or a **Claim**, the **Insured** shall forward details to the **Underwriters** as soon as practicable during the Policy Period through the persons named in the **Schedule** and any **Loss** or **Claim** shall be considered properly reported to the **Underwriters** when notice is first given to those persons.

**2. Dispute resolution**

- (a) No legal action shall be instituted by any **Insured** against the **Underwriters** in any court in respect of any alleged indemnity payable by the **Underwriters** in respect of any **Claim** unless, as a condition precedent thereto, the amount of the **Insured's** obligation to pay the relevant third party claimant shall have been finally determined either by judgment or award against the **Insured** after actual trial or arbitration or by written agreement of the **Insured**, the claimant, and the **Underwriters**.
- (b) Mediation. See Appraisal Clause stated elsewhere in the policy.

**3. Defense, settlement and investigation of Claims**

- (a) The **Underwriters** shall have the right and duty to defend any **Claim** against the **Insured**, even if any of the allegations of the **Claim** are groundless, false, or fraudulent, subject to the Limit of Liability, Exclusions, and other terms and conditions of this Policy.
- (b) Unless defense counsel is contacted and chosen via the Hotline 844-492-3248, defense counsel shall be appointed with the **Underwriters'** prior written consent. Such consent shall not be unreasonably withheld. However, in the absence of agreement, the **Underwriters'** decision shall be final.

- (c) The Limit of liability available to pay **Damages** shall be reduced, and may be completely exhausted, by payment of **Defense Expenses** or any other amounts covered under the Policy. **Damages, Defense Expenses, Loss**, and any other amounts covered under the Policy shall be applied against the **Retention**.
- (d) The **Underwriters** shall have the right to make any investigation they deem necessary including with respect to the **Application** or to coverage.
- (e) With respect to **Insured Coverages D, E and F**, if the **Insured** refuses to consent to any settlement or compromise recommended by the **Underwriters**, whether in excess of or within the **Retention**, that is acceptable to the claimant and elects to contest the **Claim**, the **Underwriters'** total liability for any **Damages, Defense Expenses** and other payments shall not exceed:
  - i. The amount for which that **Claim** could have been settled, plus the **Claims Expenses** incurred up to the time of such refusal, less the remaining **Retention**; and
  - ii. Fifty percent (50%) of any **Damages, Defense Expenses** and other payments, incurred after the date such settlement or compromise was recommended to the **Insured**. The remaining fifty percent (50%) of such **Damages, Defense expenses**, or other payments are to be borne by the **Insured** at the **Insured's** own risk and uninsured.
- (f) The **Underwriters** shall not be obligated to pay any **Damages, Defense Expenses, Loss** or any other amounts under the Policy, or to undertake or continue the defense of any suit or proceeding after the applicable Limit of Liability has been exhausted by payment of **Damages, Defense Expenses**, or other amounts under this Policy and that upon such payment, the **Underwriters** shall have the right to withdraw from the further defense thereof without further liability by tendering control of the defense to the **Insured**.

### General Conditions

#### 1. General Interpretation

- (a) The singular includes the plural and vice versa, the masculine includes the feminine and neutral, and "entity" includes natural persons;
- (b) "Including" and "include(s)" mean without limitation;
- (c) Any obligation or payment owed by the **Underwriters** shall in every case be subject to the Limits of Liability specified in Item 1 of the Schedule;
- (d) Any reference to legislation, statute, regulation, or law includes any similar or related law, statute, ordinance, or regulation, any amendments, and any rules or regulations or executive orders promulgated thereunder, or by federal, state, local or other agencies or similar bodies thereof;
- (e) Any reference to a regulatory or investigative or other state or local governmental body includes any similar, subsidiary or related agency or body;
- (f) The descriptions in the headings and subheadings of this Endorsement are solely for convenience and form no part of the terms and Conditions of coverage;
- (g) All or part of any provision of this Endorsement which is or becomes void or illegal, invalid or unenforceable by a court or other competent body under the law of any applicable jurisdiction shall be deleted. The parties shall use their best efforts to agree a replacement for the provision deleted which achieves as far as possible the same effect as would have been achieved by the deleted provision had it remained enforceable; and
- (h) Any clause designated as a condition precedent shall require the entity to which it applies to comply specifically and completely with it and any breach or failure to do so shall entitle the **Underwriters** to reject all or part of the **Claim** or **Loss** or any related claim or loss whether or not such breach or failure causes loss, prejudice or damage.

#### 2. Policy Liability

The Aggregate Limit specified in Item 1 of the Schedule shall be the maximum liability of the **Underwriters** under this Endorsement. The limits for each **Insured Coverage** specified under Item 1 of the Schedule form part of and are not in addition to such Aggregate Limit.

All **Claims** or **Loss** arising out of the same related or continuing acts, facts, circumstances or event shall be considered a single **Claim** or **Loss**, without regard to the number of **Insureds, Claims** or claimants. All such **Claims** or **Loss** shall be deemed to have been made at the time of the first such **Claim** or **Loss**.

If a **Claim** purports to trigger coverage under more than one policy issued by the **Underwriters** to the **Insured**, the **Claim** will only be covered under the policy with the highest limit of insurance available or, if the limits are the same, under only one of the policies.

**3. Retention & Waiting Period**

The **Retention** amount specified in Item 1 of the Schedule for each **Insured Coverage** shall apply separately to each and every **Loss** and **Claim** and shall be satisfied in full by the **Insured's** monetary payments of **Loss, Damages, and Defense Expenses**. The **Underwriters** shall only be liable for the amounts in excess of the **Retention** (subject to the Limit of Liability).

For **Insured Coverages** subject to an additional **Retention** on an hourly value, specified in Item 1 of the Schedule, the **Underwriters** will only become liable on expiration of such **Waiting Period**.

Any **Claim** attaching to more than one **Insured Coverage** shall be subject to the appropriate **Retention** for each such **Insured Coverage**.

The **Insured's** payment of the applicable **Retention** is a condition precedent to the payment by the **Underwriters** of any amounts covered under the Policy. The **Insured** shall make direct payments within the **Retention** to the appropriate parties as designated by the **Underwriters**.

**4. Extended Reporting Period****(a) Automatic Extended Reporting Period**

If either the **Insured** or the **Underwriters** cancel or non-renew this policy, the **Insured** shall have the right following the effective date of such cancellation or non-renewal to a period of thirty (30) days in which to give written notice to the **Underwriters** of **Claims** or **Loss**, but only in respect of any **Claim** made during the Policy Period or **Loss** which commenced during the Policy Period and is otherwise covered by this insurance.

**(b)** The Limit of Liability for the Automatic Extended Reporting Period shall be part of, and not in addition to, the Limit of Liability for the Policy Period.

**5. Assistance and cooperation**

**(a)** The **Insured** shall cooperate with the **Underwriters** in all investigations relating to this Policy. The **Insured** shall execute or cause to be executed all documents and papers and render all assistance as requested by **Underwriters**, including providing copies of a third party's system security and event logs.

**(b)** Upon the **Underwriters'** request, the **Insured** shall assist in making settlements, in the conduct of all third party dispute resolution procedures and in enforcing any right of contribution or indemnity against any person or organization who may be liable to the **Insured** with respect to which insurance is afforded under this Policy, and the **Insured** shall attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses at the **Insured's** own cost.

**(c)** It is a condition precedent to the **Underwriters'** liability that the **Insured** shall not admit liability, make any payment, assume any obligations, incur any expense, enter into any settlement, stipulate to any judgment or award, or dispose of any **Claim** without the **Underwriters'** prior written consent. However, the prompt public admission of a security breach potentially impacting non-public personally identifiable information of employees or third parties as required by governmental privacy legislation or credit card association operating requirements will not be considered as an admission of liability requiring the **Underwriters'** prior consent.

**(d)** The **Underwriters** shall have the right to make any investigation they deem necessary with respect to coverage including the **Application**.

**(e)** The **Insured** shall submit for examination under oath by the **Underwriters'** representative, if requested, in connection with all matters relating to this Policy.